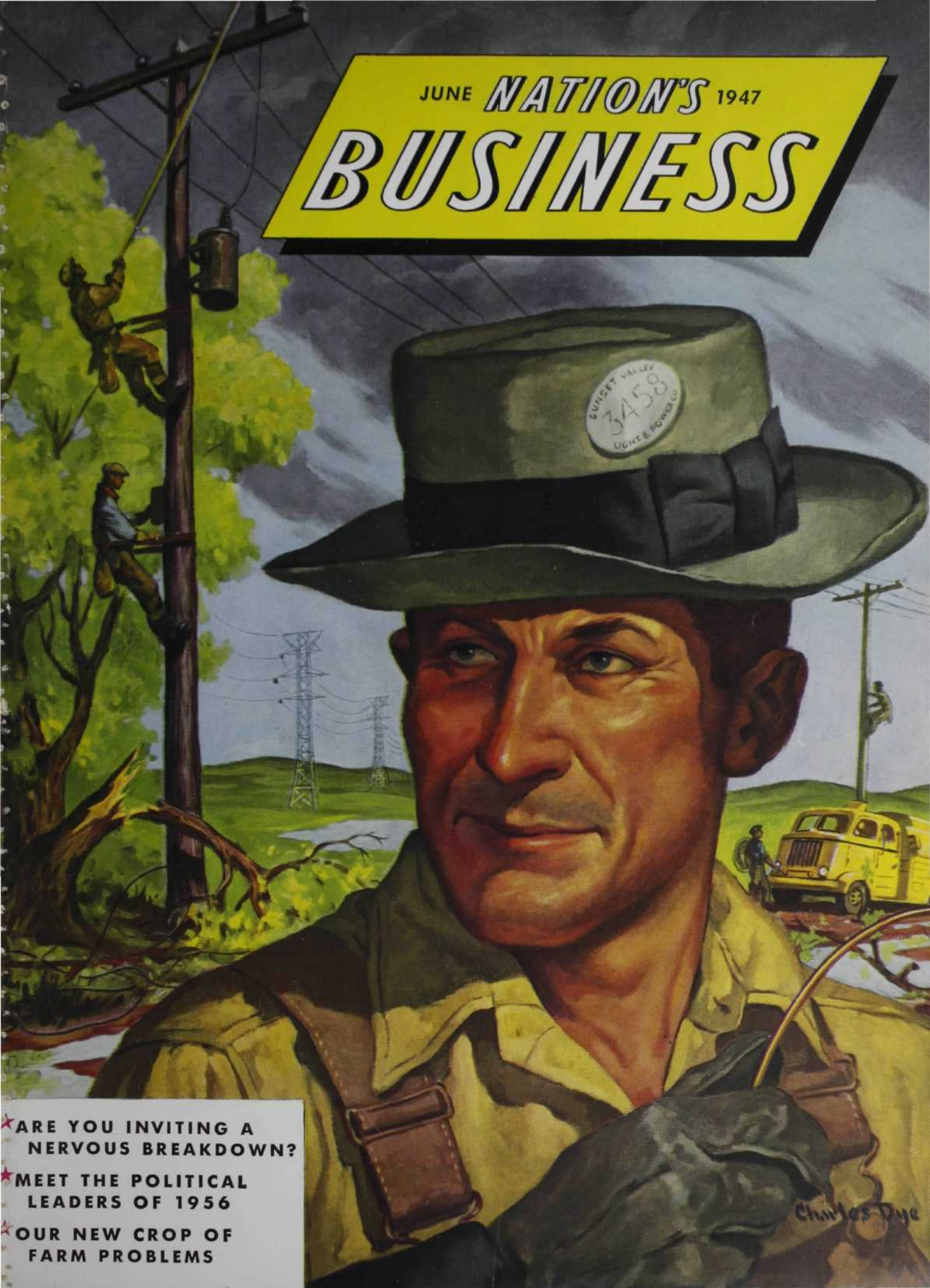


JUNE *NATION'S* 1947

BUSINESS



- ★ ARE YOU INVITING A NERVOUS BREAKDOWN?
- ★ MEET THE POLITICAL LEADERS OF 1956
- ★ OUR NEW CROP OF FARM PROBLEMS

Charles Dye

problem...



solution

"Shake well before using!" Familiar to all of us, this caution appears on the labels of countless liquid products which quickly "settle" when stored in the home or on dealers' shelves. To relieve this common annoyance, Hercules provides an amazing new emulsion stabilizer—Hercules CMC. This helps in the making of emulsions like cosmetic lotions, polishes, and many types of oil-in-water mixtures and also *keeps them mixed* and ready for use.

result...



* **TO KEEP MIXTURES MIXED** . . . another development utilizing Hercules chemical materials as described in the free book, "A Trip Through Hercules Land."



HERCULES

HERCULES POWDER COMPANY

947 Market Street, Wilmington 99, Delaware

CHEMICAL MATERIALS FOR INDUSTRY



The peanut-picker tire that solved an airport problem

A typical example of B. F. Goodrich development in rubber

CLIPPER ships and other planes flying inter-ocean routes must be serviced on the spot before take-offs. To speed this operation at LaGuardia Field a special portable unit was built. It is equipped with four huge floodlights, two electric generators for starting airplane engines, an air compressor, power tools, and other equipment.

Engineers searched for tires to carry this heavy service unit. Special requirements included extra-heavy load carrying ability, a tread that wouldn't "weave" in trailer operation, cushioning to protect delicate instruments and maximum puncture resistance. Pas-

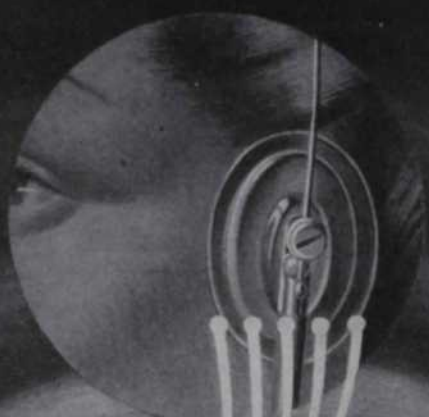
senger tires couldn't carry the load. Regular truck tires were too big.

But when they talked to B. F. Goodrich the answer was found in a hurry. For B. F. Goodrich had developed hundreds of special tires for special purposes—and one of these proved ideal. It's a farm implement tire! Ordinarily it's used on potato diggers, hay balers, peanut-pickers, and similar equipment. It's made for heavy loads. The wide-grooved tread prevents swaying. The thick tread and 6-ply construction resist punctures and chafing. It's a low-pressure tire which cushions the load.

Here's a typical example of how a tire user solved a difficult tire problem by coming to B. F. Goodrich. For B. F. Goodrich is constantly developing new tires, improving old ones (witness the nylon shock-shield now used in all large B. F. Goodrich truck tires).

When you need tires or have a difficult tire problem, see the B. F. Goodrich man. The B. F. Goodrich Company, Akron, Ohio.

Truck Tires BY
B. F. Goodrich



In today's fight against high costs... written communications move faster, easier, at less expense... thanks to office systems made more efficient by the modern miracle of electronics. The Edison Electronic Voicewriter... identified by its Ear-Tuned Jewel-Action... corrects the rise and fall of the dictating voice... sees to it that the exact words spoken arrive on paper at lowest cost.



KAPPA

Thomas A Edison

Thomas A. Edison, Incorporated, West Orange, New Jersey. (In Canada: Thomas A. Edison of Canada Ltd., Toronto 1, Ontario.)

1847 • THOMAS A. EDISON CENTENNIAL • 1947

9

REASONS WHY it Pays to Travel -- and Ship -- by MARTIN TRANSPORT

Let the airlines send an air transport engineer to your office. He'll suggest methods which will enable you to increase sales and profits by using air transport for travel and cargo. Call one of the airlines below.

Faster schedules and more efficient passenger and cargo service will soon be available to you, when the new Martin airliner goes into operation on these progressive airlines. It will pay you to travel and ship by Martin transport. THE GLENN L. MARTIN COMPANY, BALTIMORE 3, MARYLAND.

Martin AIRCRAFT

Builders of Dependable Aircraft Since 1909

An International Institution

Manufacturers of: • Outstanding commercial planes for both passenger and cargo service • Advanced military aircraft • Marvinol plastics • Aircraft ground-handling equipment • Aerial gun turrets **Developers of:** • Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material (licensed to U. S. Plywood Corp.) • Stratovision aerial broadcasting (in conjunction with Westinghouse Electric Corp.) **Leaders in Research** to guard the peace and build better living in many far-reaching fields

TRAVEL AND SHIP BY MARTIN TRANSPORTS ON THESE GREAT AIRLINES

Capital (PCA) • Eastern • Chicago & Southern
Braniff International • United
Northwest • Delta • Panagra
Cruzeiro do Sul (Brazil) • Aeroposta (Argentina)
Nacional (Chile) • Mutual • Flying Tiger
Air Borne Cargo • U. S. • Willis



Extended Sales Horizons... By Martin 2-0-2 transport, salesmen and deliveries reach new extended territories in less time. These new expanded sales areas offer increased sales potential and increased profits.



Emergency... Rush... Replacement parts and tools, needed at once, can be delivered to customers hundreds of miles away in hours instead of days by air cargo. This saves time and money by preventing production delays.



Never Far from Home... On business trips, the airlines enable you to cut travel time between distant customers, cover more territory, spend more time selling, increase profits and still have those long weekends at home.



Fresh, Fresh Food... Days fresher, the naturally attractive air-shipped foods or flowers have a real merchandising "pull." Lower refrigeration costs, less enroute spoilage result in extra profits from air-shipped perishables.



Build Sales... Samples, new models and designs go along with your salesmen by air cargo. These important "sales clinchers" will be there to do their part of the selling job. Save time and money—travel and ship by air.



Always on the Job... You'll sell customers in distant territories when you show them that, by air transport, your engineers and servicemen are readily available for immediate repairs, regular maintenance and scheduled conferences.



Cut Packing and Crating Costs... Clothes and other items can be airshipped without the expense or delay of crating. A wide variety of fittings may be quickly installed in the new Martin 2-0-2 for all types of cargo.



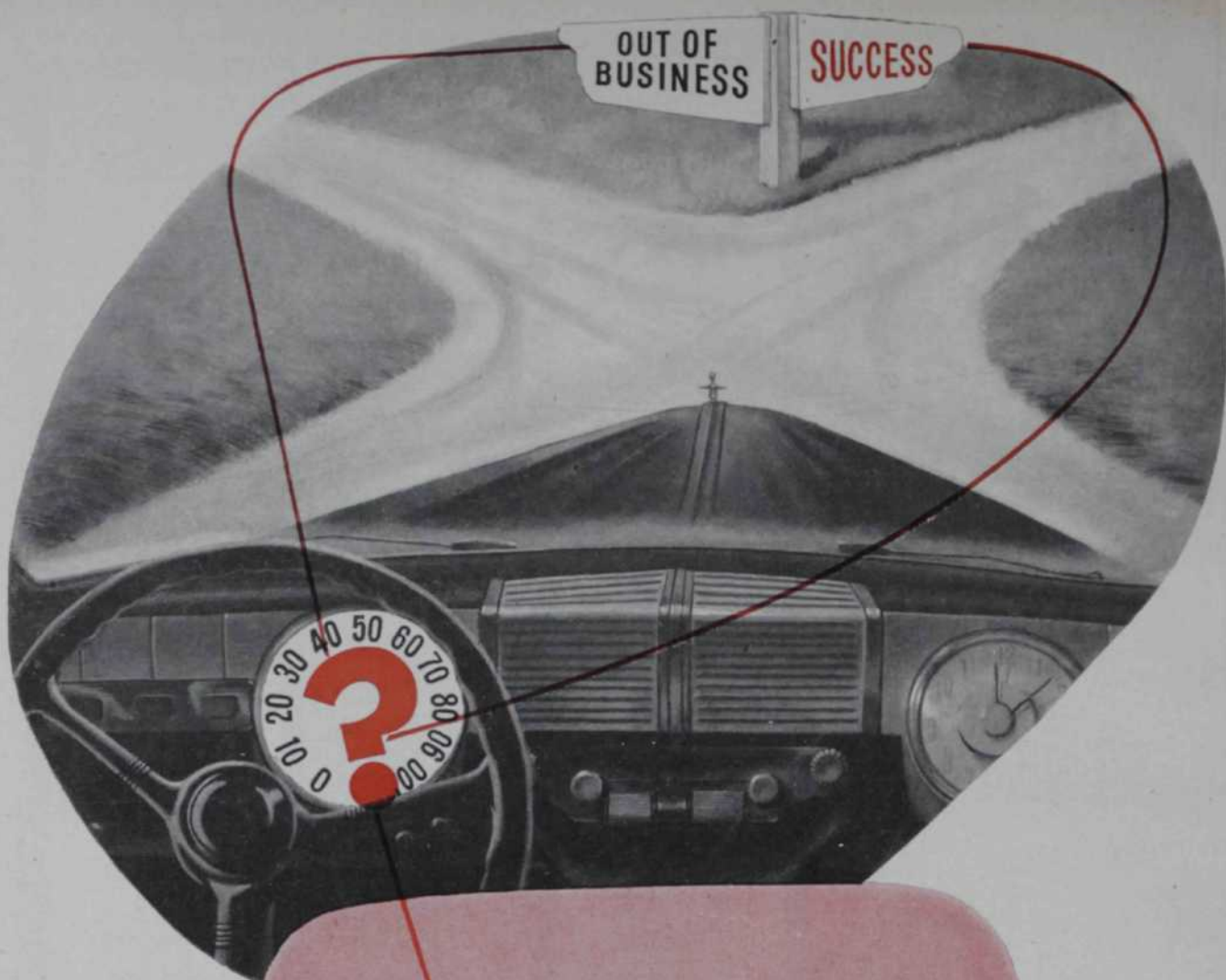
Fast Deliveries... Fast Sales... You can really merchandise garments flown directly from style centers of the world. If you sell or buy "the latest" items, you'll find they actually increase in value when shipped by air.



Time, Time, Time... You'll be miles ahead of competition when you present those last minute ideas and changes in person. You can get to that important meeting. The airlines gain you time... time... TIME!

Tops Among Airliners... The Martin 2-0-2 is becoming standard on leading airlines of the world. Its high performance and advanced design have met the most demanding specifications of the airline industry.





**HOW FAST
ARE YOU GOING
AND WHERE?**

YOU'VE GOT TO SPEND MONEY TO MAKE MONEY!

GEORGE S. MAY COMPANY

The World's Finest Business Engineering

840 N. Michigan Avenue
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122 E. 42nd St.
New York 17

291 Geary Street
San Francisco 2

660 St. Catherine Street, West
Montreal, Quebec, Canada

OFFICES IN OTHER PRINCIPAL CITIES

Nation's Business

PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

VOL. 35

JUNE, 1947

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CIRCULATION OF THIS ISSUE 576,000

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"On your mark . . . get set with
HOUSEHOLD* . . . go!!"



• More than 175 sparkling ideas are carefully planned and packed into each issue of Household. That's what spurs more than 2,000,000 families into record-breaking action. Action that leads straight to the sales counters of America's small cities and towns . . . the great market that supports 55% of the nation's retailers.

It's easy to see why one advertiser got 1,106 orders from a quarter page in Household. It's equally easy to see why more and more smart advertisers are selling the rich small city and town market with Household . . . the magazine idea-planned to get action.

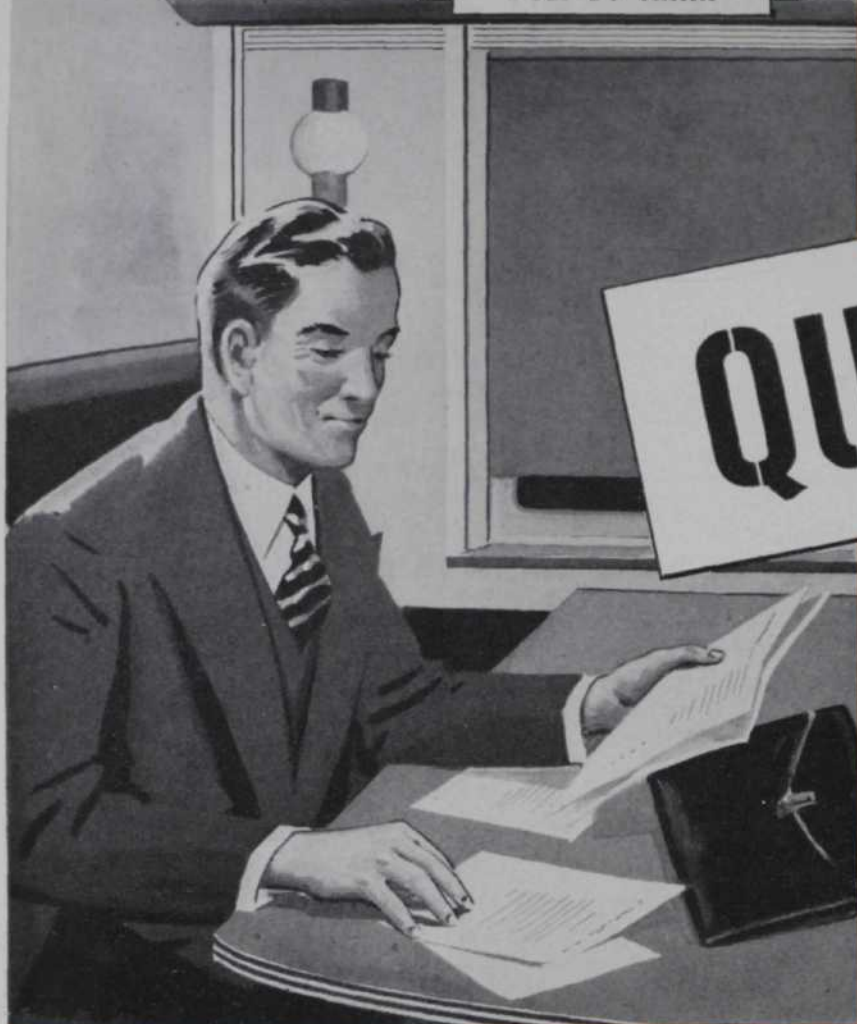
HOUSEHOLD

A MAGAZINE OF ACTION *Streamlined*
FOR SMALL CITIES AND TOWNS

CAPPER PUBLICATIONS, INC.
TOPEKA, KANSAS



THE SEASONED TRAVELER
GOES BY TRAIN



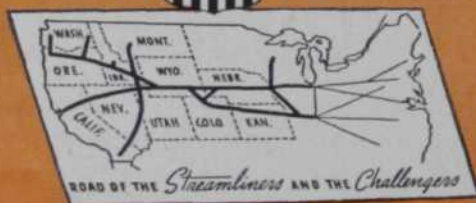
QUIET.

**Man at
Work!**

Undisturbed . . . no 'phone calls . . . no visitors. That's the perfect "set up" for the business man who wishes to make the most of his travel time. And when he tires of working he can relax.

Space to move around, the finest of meals, a comfortable bed . . . no worry about the weather . . . what more could a man want? That's why the seasoned traveler . . . the man who knows . . . goes by train. He knows he'll be in perfect shape for business appointments on the day of arrival.

be Specific—
say "Union Pacific"



Ask about Union Pacific service to and from the West.

UNION PACIFIC RAILROAD

ROAD OF THE Streamliners AND THE Challengers



About Our AUTHORS

NOBODY was surprised when **EDWARD T. FOLLIARD**, who writes "Washington Scenes" every month, won this year's Pulitzer Prize with his Washington Post stories on Columbians, Inc. The only puzzle was how he found time to do it, in addition to covering the White House and Washington generally. The answer seems to be that he is one of those lean fellows who got his share of energy and part of ours. Last year he was president of the White House Correspondents Association and is a dependable actor in Gridiron Club shows.



WASHINGTON POST

A case of d. t.'s—somebody else's, not his—served as a springboard for **HERBERT COREY'S** entry into the field of journalism. This was back before the turn of the century when the West was wild and woolly and Herb was trying his hand at cowpunching—he's been a stage coach driver and shepherd, too.

One day as he passed a cabin on the outskirts of Bonanza, Wyo., he noticed a group of old-timers clustered about the place. Riding over, he learned that the editor of the local newspaper, the *Bonanza Rustler*, was inside the cabin—fighting off pink coyotes. The next thing Herb knew he was the *Rustler's* new editor. Herb, who is now a contributing editor of *NATION'S BUSINESS*, has been writing ever since.

We've heard that the best way for a young man to break into politics is to join the out-of-power party and work hard. Then, when his party wins, he's on the band wagon, and the old-timers who coasted along are left holding the bag.

A glance at the 80th Congress shows many young Republican stalwarts riding the band wagon—men who have replaced familiar faces in the Party's ranks. The Democrats, too, have made changes. But, because the GOP is in the spotlight today, **J. LACEY REYNOLDS**, in "New Performers Under the Big Top," tells mainly

about the not-so-old men who are the future leaders of the Grand Old Party.

WALTER W. BELSON who has written the illuminating article about life in a Pullman washroom, "America's Fellow Travelers," is a transportation man from way back. For it was shortly after his graduation from Milwaukee's Marquette University in 1925 that he entered the trucking field as manager of the Wisconsin Allied Truck Owners Association. In 1936 he joined the faculty of Marquette's school of journalism and for the next four years taught the subject of industrial publications. In 1942 it was back to trucking when Mr. Belson was directed to open the Chicago office of ODT Motor Transport.

At present he is the director of public relations and assistant general manager of the American Trucking Associations, Inc.

When one of our own editors—who has some "cats and dogs"—heard about a Wall Street firm that deals in supposedly worthless securities, we asked **PETER J. WHELIHAN** to step out of his office in the *New York Daily Mirror* and see what he could find out. It was a simple job for a newspaperman with 25 years' experience gained in shops throughout the middle-West and East. His story of the paper cats and dogs makes enlightening reading.

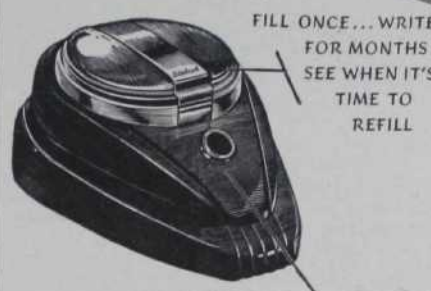
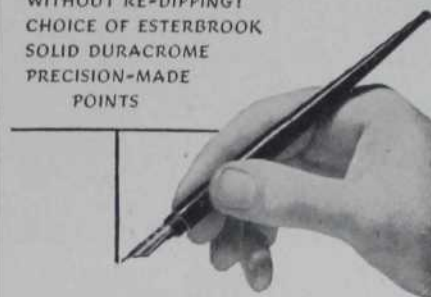


Cover: We're sure that you have never heard of the Sunset Valley Power & Light Co. No one on the staff had either, for that matter. So we asked **CHARLES DYE**, the artist who painted this month's cover, to enlighten us. It turns out that there is no such outfit. The name was dreamed up by Mr. Dye to add realism to the painting which we have dedicated to the trouble-shooters—the repairmen responsible in large part for maintaining the uninterrupted flow of electrical energy to our homes, our offices and our factories.

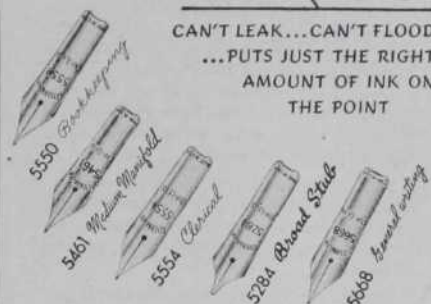
Dip-Less* WRITING SETS

For Every Desk
Writing Need

WRITES 300 WORDS
WITHOUT RE-DIPPING!
CHOICE OF ESTERBROOK
SOLID DURACROME
PRECISION-MADE
POINTS



FILL ONCE... WRITE
FOR MONTHS!
SEE WHEN IT'S
TIME TO
REFILL



CAN'T LEAK... CAN'T FLOOD
... PUTS JUST THE RIGHT
AMOUNT OF INK ON
THE POINT

THE RIGHT POINT FOR THE WAY YOU WRITE

Call your stationer. Ask to try this new, different kind of desk pen... with the right point for the way you write. Discover why so many offices use *Dip-less** for every writing job.

Single sets \$2.75 up
Double sets \$5.50 up

The Esterbrook Pen Co., Camden, N. J.
In Canada:
The Brown Brothers, Ltd., Toronto

Dip-Less*
writing sets by
Esterbrook
AMERICA'S FIRST PEN MAKER
*Reg. U. S. Pat. Off.

LOST TIME
can't be replaced...



...save it with
Executone
ELECTRONIC INTER-COM

Busy days...crowded hours...countless demands on your time! Let EXECUTONE conserve your energy—increase your capacity to get more work done faster!

With EXECUTONE on your desk, you can confer with your associates, issue instructions, secure information as quickly as the thoughts come to you. No receivers...no dials! Just press a button—and talk! Instantly, clearly, your voice is carried to the person you want to reach. His words come back naturally and distinctly. It's as easy and personal as an across-the-desk conversation.

EXECUTONE reduces inter-office traffic...frees your switchboard for important outside calls...speeds up production all along the line. The coupon below will bring you the whole story.

UNCONDITIONALLY GUARANTEED

Over 90,000 guaranteed installations are your assurance of trouble-free performance and dependability. EXECUTONE Systems are individually engineered to your requirements. Installed and serviced by factory-trained specialists in principal cities.

Two stations cost as little as \$61.
Systems with up to 100 stations, are available.

Executone
COMMUNICATION & SOUND SYSTEMS

Mail Coupon for Further Information

EXECUTONE, INC. Dept. F-2
415 Lexington Ave., New York 17, N. Y.

Without obligation, please let me have—

- ☐ Literature on EXECUTONE.
☐ A look at EXECUTONE in my office.

Name _____

Firm _____

Address _____

City _____

NB Notebook

Black ink

BRIDES, roses, moon and all, the songwriter's favorite month has sentiment galore. What a time to bring in budgets, estimates, balances, receipts and other such unsentimental business!

Nevertheless more dreams will come true if the black ink, which the Treasury starts using for the first time in 17 years, stays that shade. Fiscal 1947 closes this month with the first federal surplus since 1930.

Business men are not expected to croon about the moon but something like a tune should be heard from them this June.

Bifurcated

THE 200 inch telescope on Mount Palomar in California will finally be assembled this summer. Man will then be able to see into the universe twice as far as ever before—to a distance of more than 1,000 million light years away. In volume of stellar space the scope of this instrument of 530 tons will be eight times the previous high.

In reporting that the Rockefeller Foundation has allocated \$6,250,000 to the California Institute of Technology for this project, Dr. Raymond B. Fosdick, president, emphasizes again the widening disproportion between the physical power at our disposal and our capacity to make good use of it.

Our political institutions, he explains, are mainly rooted in the 18th Century but our swiftly evolving technology is largely a 20th Century phenomenon. "We have one foot in a civilization that is dying," he writes in his annual review, "and another foot in a civilization that is struggling to be born." "Bifurcated" he calls it.

"Our knowledge of human behavior and social relations," he adds, "is not adequate to give us the guidance we need; and the

fundamental issue of our time is whether we can develop understanding and wisdom reliable enough to serve as a chart in working out the problems of human relations; or whether we shall allow our present lopsided progress to develop to a point that capsizes our civilization in an immeasurable catastrophe."

It seems we need a telescope to turn inwards.

Parking space

BEFORE they put the several billions of dollars they plan into modernization, merchants will have to come to grips with the parking problem. Big and even smaller cities are suffering from bad cases of traffic congestion.

One study showed that, although the automobile was received enthusiastically as a means of speedier travel, auto progress from one point in Washington to another (counting the search for parking space) is 1½ miles an hour slower than with a horse and buggy.

According to one expert, Hugh Potter of the Urban Land Institute, stores require at least two square feet of parking space for every foot of ground occupied.

The Automobile Manufacturers Association sees four basic solutions slowly developing: 1. Private building of open-wall garages combined with retail and office frontages, 2. Creation of City Parking Authorities with power to act, 3. Zoning laws requiring each new building to provide off-street spaces, and 4. Central parking facilities acquired and operated by the city and financed through special taxes on benefited property.

Research yield 56 per cent

ACCORDING to Lewis H. Brown, board chairman, more than 56 per cent of the current sales of the



Good Work, Bill... Employers Mutuals like to pay claims promptly

Bill Sanders is regular. He, too, likes to settle the claim of a policyholder—promptly.

Bill is specially trained to carry out Employers Mutuals fundamental policy of operating for the benefit of policyholders. Like practically all E-M claim adjusters, he is directly employed by Employers Mutuals.

Bill knows why Employers Mutuals like to pay claims. He knows that prompt settlement of claims creates enduring friendship for his companies.

Like all Employers Mutuals people, he wants to make insurance understandable. He knows that fair settlement of claims helps the policyholder understand the underlying principles of insurance—a very small investment to provide protection against the loss of a very large investment.

To Bill that underlying purpose of insurance

simply means one thing—that the man who has bought insurance is entitled to the prompt payment of a claim made by him or against him for a loss covered by his policy. That is why Bill and the man who puts in the claim are able to arrive so quickly at a fair settlement.

Bill is proud of Employers Mutuals—proud to be a part of this group that is conservatively managed, ably directed, and soundly progressive in ideas and ideals.

And Employers Mutuals are proud of Bill and all their men like him. The continued commendation of fairness and promptness in settling claims is all they need as evidence of the valuable service these men perform for Employers Mutuals and for E-M policyholders.

Because they operate solely for the benefit of their policyholders, Employers Mutuals like to pay claims—promptly.

To make insurance understandable

Why not ask an Employers Mutuals representative to explain fully how his companies can help you solve your insurance problems? Or write today—on your business letterhead, please—for complete information about the insurance coverage you need for your business or for yourself. We will include a free copy of "A Dictionary of Insurance Terms" to help make insurance understandable.

Address: Insurance Information Bureau, Employers Mutuals of Wausau, Wausau, Wis.

Employers Mutuals Write:

Public Liability... Automobile... Plate Glass... Burglary... Workmen's Compensation... Fidelity Bonds... Group Health, Accident, Hospitalization... and other casualty insurance... Fire... Tornado... Extended Coverage... Inland Marine... and allied lines of insurance. All policies are nonassessable. Branch offices in principal cities. Consult your telephone directory.



... MAKE
INSURANCE
UNDERSTANDABLE

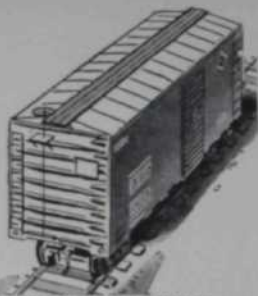
EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY
OF WISCONSIN Established 1911

EMPLOYERS MUTUAL FIRE INSURANCE COMPANY
Established 1935

Home Office: WAUSAU, WISCONSIN

Inside story of Boxcar 82763

Solving the problem of the Broken Battery Cases



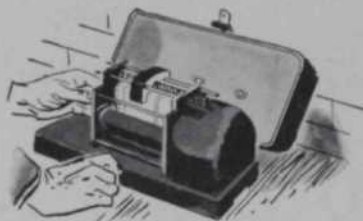
Prominent battery manufacturer plagued with broken shipments enlists the aid of Erie loading specialists.



The Erie assigned one of their loading experts to solve the problem. After close, personal observation and examination of several shipments, he planned a new method of loading.



He made sure boxcar floors were smooth and even, suggested containers be trimmed, changed methods of stacking the battery cases, recommended different blocking, bracing, and filling of empty spaces.



To check the effectiveness of this new loading method, a special impact recorder was installed that automatically registers and charts any handling that would affect the shipment.



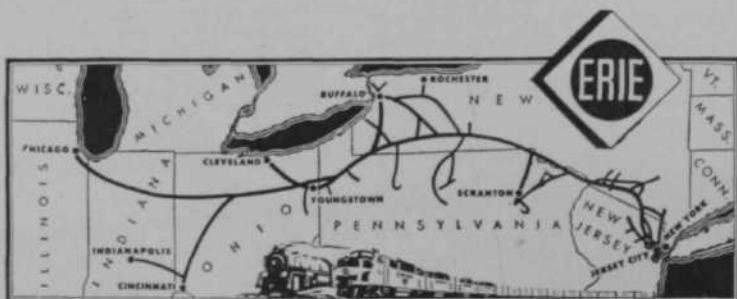
Personally inspecting the unloading of several cars, the Erie representative found his careful study of the problem and his recommendations had paid off to the shipper's satisfaction.



These and other specialized skills and services are winning more satisfied shippers, and making more friends who say "Ship it Erie".

Erie Railroad

SERVING THE HEART OF INDUSTRIAL AMERICA



Johns-Manville Corporation are in new and improved products introduced since 1928 through research development and expansion.

So it is not difficult to see why the biggest single project in the J-M expansion and improvement program is research, which accounts for more than ten per cent.

Building itself, so the experts say, could stand a bit of the J-M technique.

School for executives

THE salary average of 11 general managers of the General Foods Corporation, who were pupils in its first management training school, was \$36,000 a year. These Conferences for Executive Development, as they were called, were so successful that a postgraduate course is now under way in line with the company's decision to make all promotions from within the organization.

Clarence Francis, board chairman, put on record a year ago his belief that top executives need periodic training in the basic principles and operations of their own businesses. He explained that most executives usually come up to the top as specialists. Maybe they know sales, but they ought to know production and purchasing, too.

As company officials point out, executive development sessions are, in fact, "super-suggestion systems, not at the bench level which is concerned with production tricks, but at the important level of executive skills."

The conference sessions were definitely assigned with four one-week meetings held a month apart. To avoid office interruptions, hotels and clubs were used for meetings. Subject matter comprised two main divisions: Management fundamentals and specialized technical areas. The cost was \$320 a man, not counting traveling expenses or salary, according to Austin Igleheart, GF president.

So he who runs

IN THE transition from a sellers' to a buyers' market, more interest is being shown in what retailers desire from their supply sources in the way of promotional assistance. The list of helps leads off with newspaper and magazine advertising and runs the gamut of display material, booklets, circulars, and the like.

National campaigns are well planned as a rule although merchants say they are not always

Big-name companies in

METROPOLITAN OAKLAND AREA ...

GENERAL ELECTRIC
WESTERN ELECTRIC

WESTINGHOUSE

CHRYSLER

GENERAL MOTORS

ARMOUR DURKEE

DEL MONTE BEST FOODS

HEINZ STANDARD BRANDS

LOOSE-WILES LIBBY SWIFT

VAN CAMP CANADA DRY

COCA COLA NATIONAL LEAD

SHERWIN-WILLIAMS GLIDDEN

PARAFFINE STANDARD OIL

SHELL TIDE WATER ASSOC.

UNION OIL CATERPILLAR

INTERNATIONAL HARVESTER

MARCHANT FRIDEN

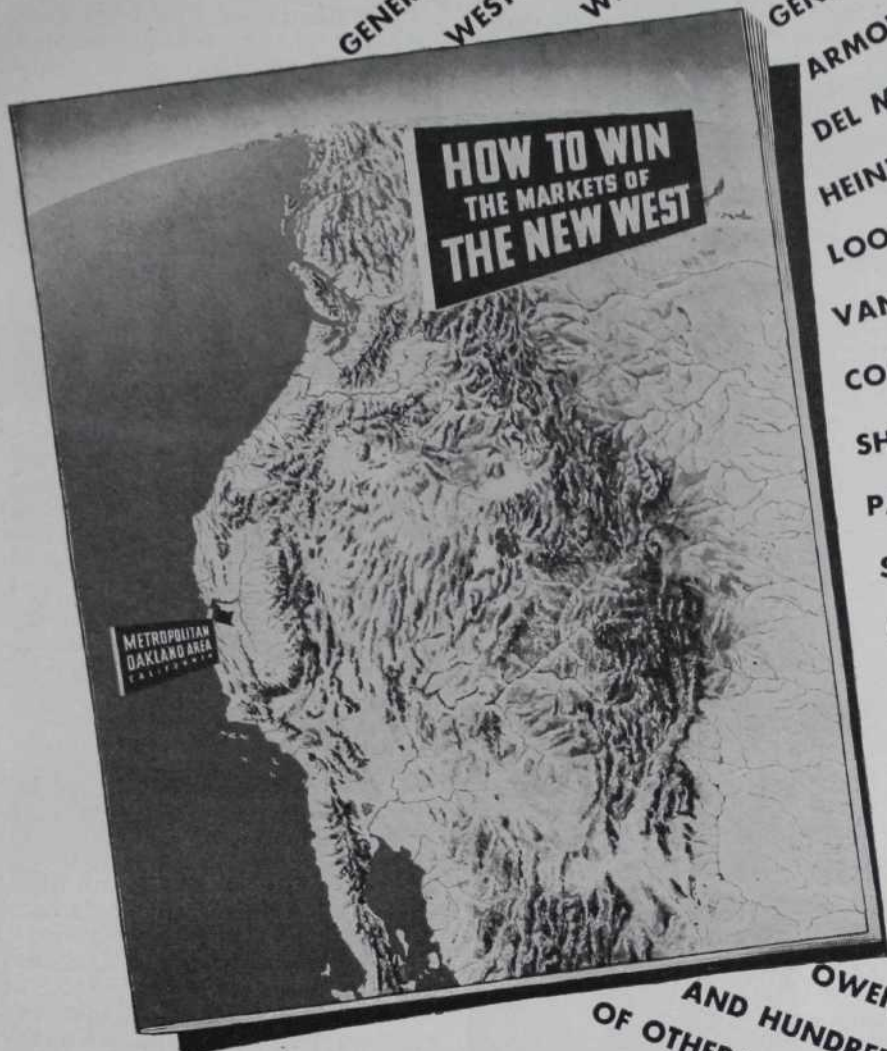
CONTINENTAL CAN

AMERICAN CAN

HAZEL-ATLAS

OWENS-ILLINOIS

AND HUNDREDS
OF OTHERS



this newest NEW West book tells why!

52 PAGES OF FACTS, figures and photos, together with new-type airplane maps, in color, clearly demonstrate the many advantages of serving the markets of the West from Metropolitan Oakland Area.

After you have studied this basic information, if you will give us the necessary details—in strictest confidence—we will compile a report specifically applied to your proposed western operation.

The report...plus an on-the-ground survey of this most favored, fast-grow-

ing industrial and distributing center... plus a review of our Industrial Survey... 19 classifications of factors concerning each available site...

All the facts will convince you, we believe, that the Oakland Area is *The NATURAL Industrial Center of the NEW West*, the best location for manufacturing for and serving the five big, fast-growing markets of the Eleven Western States.

As the first step, write for "How to win the markets of the NEW West" today.

METROPOLITAN OAKLAND AREA, 389 Chamber of Commerce Building, Oakland 12, California



The NATURAL Industrial Center of the NEW West

ALAMEDA • ALBANY • BERKELEY • EMERYVILLE • HAYWARD • LIVERMORE • OAKLAND • PIEDMONT • PLEASANTON • SAN LEANDRO • RURAL ALAMEDA COUNTY



take no chances with fire

When even a brush-fire seems likely to get out of control, run (don't walk) to the nearest telephone or alarm box! Millions in fire losses, and thousands of lives, might have been saved by reporting small fires promptly. Your public water supply system provides, in addition to home and industrial needs, sufficient water to control fires. Over half of the cost of the average water supply system results from the necessity of providing fire protection.


Because of its reliable, long-lived service, cast iron pipe is used for water mains in the fire-fighting systems of America's large cities.

By farsighted planning and efficient round-the-clock service, your public water supply system guards your health, life and property. Give it an occasional appreciative thought. Cast Iron Pipe Research Association, T. F. Wolfe, Engineer, 122 S. Michigan Avenue, Chicago 3, Illinois.

This cast iron water main has served the City of Detroit for 109 years.



CAST IRON PIPE

SERVES  FOR CENTURIES

LOOK FOR THIS MARK

IT IDENTIFIES CAST IRON PIPE

posted sufficiently in advance to get the best results. Dealers' helps are a sore point with both buyers and sellers. The latter normally spend large sums on point-of-purchase material that never sees the selling aisles. Dealers say the material often lacks flexibility. It is not in the store style and not suitable for adaptation.

"Too much hogging and too little helping," is the caustic comment of one merchandiser about dealers' helps.

Maybe this observer's eyes are failing but he has wondered every now and then why poster boards, for instance, intended for eager motorists often have more reading matter than a slow walker could absorb in passing.

Dullness best

THAT typewriter with the dull metal finish is not just a passing style, it's what they call functional these days. Desk tops and other office equipment will have the same dull finish, according to Samuel G. Hibben, director of applied lighting for Westinghouse Electric Corporation.

Shiny desk tops, he told a group in the Architectural League, bounce back glaring reflections of light and ought to be covered with a non-glossy substance to reduce eyestrain and fatigue.

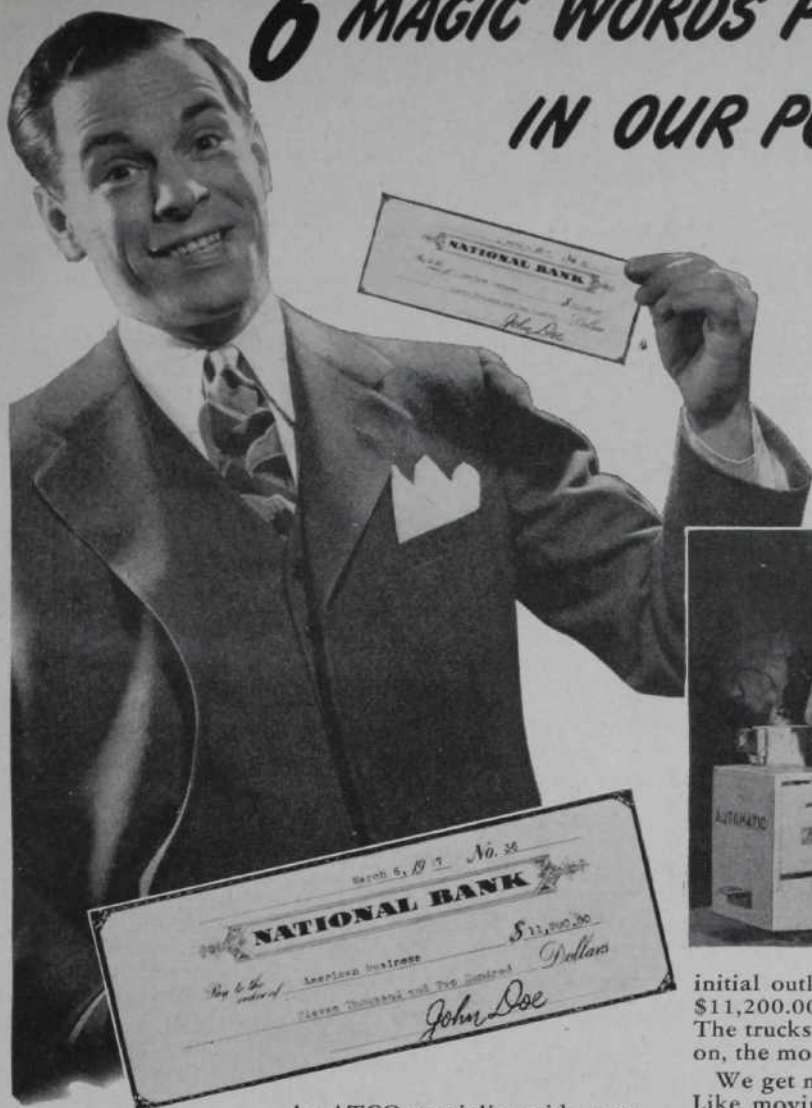
Farm policy muddle

BEFORE a meeting of the National Industrial Conference Board, Inc., Rep. Clifford R. Hope, chairman of the House Committee on Agriculture, gave this concise account of our muddled farm policies:

"While limiting production on good existing farm land, we have spent billions of dollars to make possible the growing of crops on previously arid and unproductive soil. While spending hundreds of millions in disposing of surplus crops we have spent the money in such a way as to assure continued high production of the surplus and the continued necessity of spending more millions to assist the producers.

"While spending money to improve the nutritional level of the consumer we have spent other money to curtail production so as to increase the price of food, thereby forcing the consumer to buy less. While seeking, on the one hand, to change the pattern of agricultural production to meet changing consumer requirements, increase farm income and conserve soil resources, we have, on the oth-

6 MAGIC WORDS PUT \$11,200.00 IN OUR POCKETS!



They may be the
magic formula for
YOUR
business needs



An ATCO specialist said to me, "Turn Fixed Overhead Into Fixed Profit!" Six words I didn't quite understand then. But I do now—since they've made us \$11,200.00 richer—and ended for our company costly material handling by hand.

It showed me the way to save money on material handling that anyone can put to work. I did, with two Automatic Electric Trucks. They lift, move and stack raw materials or finished products ceiling high. One man at their simple controls does the work of three men. He does it easier, better, in less time—electrically, automatically!

Expensive medical supplies, which we make, now go through our plant with product damage loss practically zero. Five to six hundred pound bales of cotton, heavy rolls of gauze and bags of starch all become featherlight when moved and lifted with these miracles of electric power.

We've earned a return of 140% on our small



Be sure to see
ATCO'S new film

"PAY LOADS... PAY OFF"

initial outlay—a trifling sum to exchange for the \$11,200.00 savings we already have pocketed. The trucks are paid for—and every day from now on, the money they save is clear profit.

We get many extra bonuses of performance too. Like moving heavy machinery around the plant, towing trailer trucks, doubling our turnover of material and finished product.

Let an ATCO Specialist show you what can happen to your handling costs when you put Automatic Electric Trucks to work for you. I did—and you see what happened. You can—and it's reasonable you'll earn similar savings! Mail coupon.

Automatic

ELECTRIC TRUCKS

*Lighten
LIFE'S LOADS*

AUTOMATIC TRANSPORTATION COMPANY

DIV. OF THE YALE & TOWNE MFG. CO.

89 West 87th Street, Dept. H7, Chicago 20, Ill.

- () Send information on Automatic Electric Trucks.
- () Have an ATCO Specialist make a free survey of my materials handling costs.
- () Schedule me for an early showing of ATCO's new movie, "Pay Loads Pay Off."

Company Name.....

By..... Position.....

Street Address.....

City..... Zone..... State.....

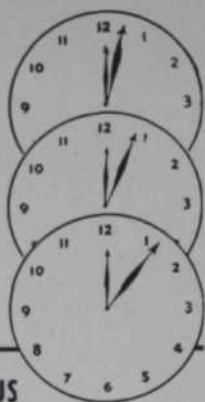
MANUFACTURERS OF THE FAMOUS TRANSPORTERS, TRANSTACKERS AND SKYLIFT ELECTRIC TRUCKS

How to Cut Metal Cleaning Time to MINUTES—

**NEW, FAST-ACTION DETERGENT CLEANS FERROUS
AND NON-FERROUS METALS... Easy to Handle**

War-proved Solvent "26" reduces cleaning time from hours to minutes on dismantled engine parts

and all kinds of machinery. Simply dip, rub, brush or spray it on. Then flush clean with hot water.



TYPICAL USES FOR SOLVENT "26"

CARBURETORS

Solvent "26" removes gum, gasoline sediment and other accumulations of dirt.



SPARK PLUGS

Solvent "26" safely cleans porcelain; helps loosen carbon deposits.



METAL PLATES AND SCREENS

Solvent "26" restores clear, clean finish to any metal surface.



DIES AND STAMPING

Solvent "26" removes drawing compounds from die-formed or stamped metal.



LABORATORY EQUIPMENT

Solvent "26" frees glass and metal tubing and their supports of gums, varnishes and other incrustations or deposits.



PISTONS

Removes lacquers, gums, resins, etc., from gas, gasoline and diesel engine pistons and rings. Also effective for cleaning all parts of dismantled motors, engines and machinery.



REMOVES:

Oil
Grease
Gums
Varnishes
Lacquers
Paints

Carbonaceous
Deposits
Asphaltic
Products

FROM:

Steel
Cast Iron
Aluminum
Porcelain
China
Chrome and
Nickel Plate
Stone
Precious
Metals
Brass
Washable
Fabrics

er, used subsidies, crop allotments, historical quotas, and price supports in such a manner as to insure and virtually guarantee the same pattern of production which created the surplus in the first place."

Beginning on page 46 of this number, Ovid Martin presents a careful analysis of some methods proposed to end this paradox.

Permanent wave

HOUSE painters used to be thought temperamental because they preferred brushes made from Chinese hog bristles. Just a touch of the artist in them. Industrial research, however, has proved they had good reasons for their choice.

The Rubberset Company delved into the matter of what makes a good paint brush. It discovered, according to Arthur D. Little, Inc., engineers, that natural bristle had more paint-carrying capacity because the bristle had a "wave." The brush had more bush.

Nylon brush filament equals natural hog bristle in most qualities and surpasses it in other respects. However, painters voted against the early nylon brushes. A wave was put into the nylon. Painters are smiling again.

Television

RADIO started from the bottom and television is starting from the top. That is the diagnosis trade experts offer for whatever delays develop in blanketing the nation with the newest of the air wave marvels.

The humble crystal set of the early '20's gave every one a chance to experiment with radio. From crystal to one tubers was just a step. From one tube to multi-tube wonders became easy as the industry enjoyed the volume that brought down prices.

Television, perforce, must start at the top and work down. As long as it can be sold only to the top audience which demands the best in entertainment, bouquets are limited and brickbats more plentiful.

Your crystal set addict of early radio days was content enough to hear a muffled sound that might be some one singing.

Television, therefore, gets off to an indifferent start with the squawk-meter registering 1,000 sometimes. Once industry volume pulls down prices so the great middle class gets a chance to see as well as hear, the applause-meter should start to rise.

**Cities Service
means
Great Service**

CITIES



SERVICE

Cities Service Oil Co.
NEW YORK - CHICAGO

Arkansas Fuel Oil Co.
SHREVEPORT, LA.

CITIES SERVICE OIL COMPANY

SIXTY WALL TOWER, NEW YORK 5, N. Y., ROOM 117

Please contact me for a demonstration of Solvent 26.

NAME

TITLE

ADDRESS

CITY

STATE



GRINNELL BROS., the largest music house in the central west, stock their retail outlets in many Michigan cities as well as in Toledo, Ohio, with "everything in music"—by the modern Fruehauf Trailer method.

Pianos, organs, musical instruments, radios, phonographs, records, music—as well as home appliances—roll to the main store in Detroit and to all the outstate branches from two warehouses and from Grinnell's piano factory in Holly, Michigan.

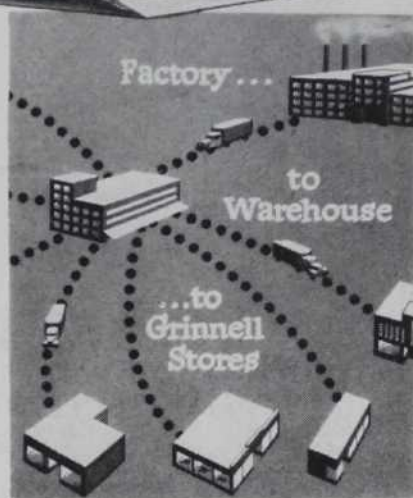
Trailers Unite Scattered Stores!

These Fruehauf Trailers form a continuous "conveyor belt" to move merchandise from suppliers . . . to warehouses . . . to the display rooms . . . with efficiency not obtainable by any other method. The big blue and gray Vans seldom ride empty. Large loads of furniture for the Detroit store are picked up at Michigan furniture factories for return

trips. Refrigerators, ranges, ironers and electrical appliances likewise are speeded from railheads and factories to the warehouses in this two-way Trailer operation.

Elevating Endgates Increase Trailer Efficiency!

Each Fruehauf Aerovan in the service of Grinnell Bros. is equipped with a Fruehauf Elevating Endgate which lifts and lowers these heavy household items with smooth hydraulic power. This "tailgate elevator" eliminates "brawn power," minimizes damage to goods and speeds deliveries. Think what this means in moving pianos and heavy items—another saving made possible by Fruehauf equipment.



TRAILERS CUT COSTS IN ALL LINES

In every line of business, executives have discovered that Fruehauf builds Trailers to handle their deliveries better, and help materially in meeting tightening competition by lowering hauling costs. Your nearest Fruehauf representative will gladly show you how Trailers may fit into your operation to your advantage.



**MOTOR
TRANSPORT
PAYS ITS WAY!**

Only 1 in every 6 vehicles on the road is a truck
Only 1 in every 5 miles traveled is by truck
Yet 1 in every 3 highway tax dollars is paid by trucks

World's Largest Builders of Truck-Trailers

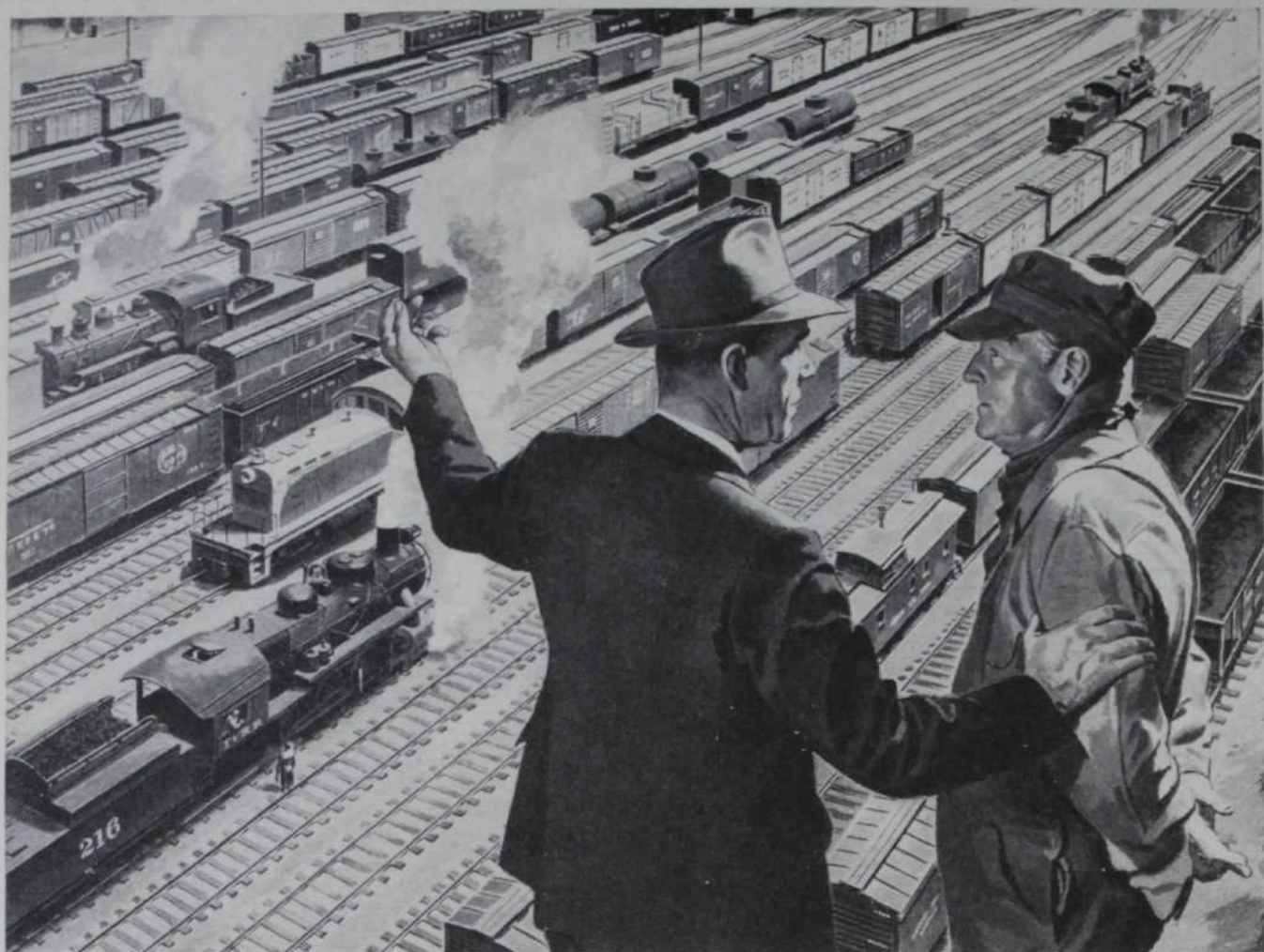
FRUEHAUF TRAILER CO. • DETROIT 32

10 Factories—66 Factory Service Branches



Fruehauf Trailers

"Engineered Transportation"



“With all this business— why aren't railroads making more money?”

Railroads are busy these days — as busy as they were during the war.

They are hauling more freight than ever before in peacetime — a volume of traffic equivalent to moving a million tons a mile every minute.

With all this traffic, it's no wonder some people think railroads are making lots of money.

But they are not. In 1946, they made only 2¾% on their net investment in the cars and engines, the tracks and terminals, the shops and signal systems, and all the other things which railroads have to provide and maintain in order

to serve you. And this year, even with the new freight rates which went into effect January 1, 1947, they won't make much, if any, more.

Why?

Simply because the cost of producing rail transportation has gone up so much faster and farther than the price at which it is sold.

The average cost of materials, supplies, and fuel is up more than 60% since 1939.

Wages are up more than 50%.

But the average revenue the railroads

receive for hauling a ton of freight one mile is less than 15% higher now than it was in 1939, before the war. And it's nearly 20% lower than it was in 1921.

The result is that — even if the record-breaking peacetime traffic continues — the railroads in 1947 will earn only about 3%. That's only half of the 6% which nine people out of ten think would be no more than a fair profit — and which is necessary if railroads are to keep on investing in better plant and equipment for better service to you. *Association of American Railroads, Washington 6, D. C.*

American Railroads

THE NATION'S BASIC TRANSPORTATION

MANAGEMENT'S *Washington* LETTER

► **LEST WE FORGET:** Administration's 1934 Pledged Purchase Plan asked you to spend to get things started.

That didn't work, either.

► **DISTORTIONS** in the economy, in the price structure, are beginning to correct themselves.

Sit down now with these key men in your organization:

Your sales manager: Take a realistic look at your market. Weed out duplicate orders, other soft spots in your order books.

Your purchasing agent: Eliminate any duplicate orders he may have placed to insure supply. Avoid the chance of being flooded if suppliers start unloading.

Your inventory-control man: Don't gamble now on inventory—keep it low. Inventory that looks well balanced against present orders can suddenly become dangerously top-heavy if many orders dissolve.

Your treasurer: Cover two points with him. Check as thoroughly as you can into credit of your customers, into their general stability, their prospects.

See that your own credit is in shape to weather a storm in case one blows your way.

Your production manager: Trim unit costs, handling costs. Markets are becoming far more competitive.

And then you might call back your sales manager to see that he has an aggressive promotional program, an alert staff covering your market.

Those days are here again.

If you handle autos, steel, castings, shipping space, paper, watch out for duplicate orders.

There are lots of them around.

► **IS RECESSION COMING** my way?

That's today's most often asked business question.

It's not answerable.

There are signs that a broad trend of adjustment may be getting under way. But only signs, so far.

Important to remember is this: There is no pattern to economic adjustment.

Great trends move in one general di-

rection. But within them there are extreme distortions. And things move swiftly.

For example: In February nylon hosiery wholesalers were allocating their short stocks. In April retailers were holding sales to get rid of them.

Turpentine a few months ago brought \$1.50 a gallon. It's selling now for 52 cents.

And the oil distributors' main worry is where they can get more oil.

Woolen worsted mills are running at top speed while soft goods mills in New England and the Pacific Northwest lay off employees.

These dissimilarities are scattered through the economy.

Again, your best bet is to put your own house in order.

One of Government's top economists contends recession will hit, but not until July, 1948.

His reasoning: Basic industries are strong, will carry the country that long.

Another says recession will hit next month. He's following the 1920 pattern, going by the calendar.

You can get guesses for any timing you choose.

For your guidance, these lines appear exceptionally strong for the remainder of this year, some longer:

Autos, steel, rails, utilities, foreign trade, rubber, oil, chemicals, tobacco manufacturers.

Farm income will remain high. Farmers could take a 25 per cent cut and still have a good year.

These are lines in which weakness has appeared, or will shortly:

Cotton goods, canned and frozen food items, electrical appliances, radios, woolen goods, women's clothing, all luxury items, entertainment.

► **CONSTRUCTION INDUSTRY** offers example of what can happen on rising prices.

Never has this country had greater need for housing. Never has industry scheduled so much new plant.

Yet an abrupt cutoff of planned construction and buildings under way left nearly 25,000 building tradesmen without work in New York City last month.

There are similar cutbacks throughout the country.

Dow Chemical curtailed its \$100,000,000 plant expansion program with the comment:

"We were just not getting enough for our money."

Standard Brands, American Cyanamid and two national retail chains are among those who have cut back big build-

ing programs. All for the same reason.

They have the money. They wouldn't pay today's prices.

But don't let that convince you recession has come.

Among the best informed construction men there remains belief that this year's business will greatly exceed 1946.

Their latest statistical study, revised downward from earlier goals, shows this expectation compared with last year:

Housing, up 36 per cent. Private non-residential building, equal to last year.

Utilities, up 33 per cent. New highway construction, up 77 per cent. Public non-residential, up 56 per cent.

"It may be done at less profit than might have been made, but that's all right, too," comments one building expert.

► **GREATEST DISSERVICE** of Newburyport plan was its spread of the notion among the public (and some business men) that prices, profits move together in orderly fashion.

They don't. When they come, price adjustments are great on some items, small on others.

The florist's markup is 100 per cent or more. Your grocer's markup on butter is one or two cents a pound.

Today beef and hog prices are about the same. If beef drops hogs must drop also. Or people will eat beef until they do.

If a substitute for your product comes along at a lower price, yours is too high regardless of the soundness of its base.

Prices are determined by buyers, not by manufacturers or processors—unless goods are in short supply.

So don't condemn your corner grocer because he's failed to slash his prices 10 per cent across the board.

He can't do that if he's an average independent.

Here's why: His markup averages 20 per cent. That means a gross profit of 16-2/3 per cent.

Rent, heat, light, insurance take about 6 per cent of his gross.

He has left 10 per cent. His payroll comes out of that.

The rest is his.

► **GREATEST DEFLATIONARY** force in U. S. today is administration practice of retiring (with cash) public debt held by commercial banks.

Gross national debt has been cut \$21,-500,000,000 from peak of \$279,200,000,-

000 which was reached in February, 1946.

Cash used to retire debt came from surplus, swollen by oversold victory bond drive receipts.

► **BUYING POWER** can be put into hands of the people by Government with astonishing speed.

That's an often overlooked aspect of withholding tax.

Decision to cut taxes (on agreement of Congress and President) could be translated into cash in the pay envelope in a matter of days.

President Truman's treatment of the tax bill will reflect thinking of White House advisers—economic as well as political.

His signature on the bill would indicate the recession seers predominate.

Current consensus in informed circles: He'll sign it.

► **TWO SIGNS POINT** toward continued good profits in steel, some autos, machinery, some other mass-production industries despite wage rises:

Fewer interruptions in the flow of materials, and more experienced help—fewer green hands breaking in.

Distribution system can expect rate of profit to ease off as price pressure brings markdowns to move goods.

Note to smaller retailers: If prices break sharply in your specialty line think twice before trying to fight it out along with big, departmentalized competition.

Remember, the department store can afford to lose on your line, make up the loss on others.

Don't waste your capital in a losing battle.

► **WAR-BUILT SYNTHETIC** rubber industry proves valuable now as price insurance.

Contrary to experience in other lines, natural rubber prices went down at end of government buying control.

Prices on December deliveries of Far Eastern natural are about 10 per cent below fixed price when Government abandoned buying.

Rubber experts attribute drop directly to existence of America's synthetic rubber industry.

Government continues synthetic production by specifying amount that must be used in tires, other rubber goods.

While admitting that all-rubber tires would have greater customer appeal, most manufacturers advocate continuance of government specifications on synthetics.

Purpose is twofold: To keep U. S. synthetic industry in motion, to check price on natural rubber. All of which

irritates British, Dutch, French owners and operators of Far Eastern rubber plantations.

Their attitude is voiced by F. D. Ascoli, Rubber Growers Association chairman, in London. Said he:

"There may be justifiable indignation at the fact that the world's biggest potential buyer (the U. S.) has so far declined to pay a higher price, regardless of the fact that for his cotton, his tobacco, and his wheat he has no compunction in charging us, with no greater justification, fantastically increased prices."

(March 1 we told you Government probably would continue buying, allocating rubber for U. S. We erred on buying. Government stopped that.)

► **IMPORTANCE OF SYNTHETIC** oil plant under construction near Pittsburgh is made clear by this fact:

This year, for the first time since 1923, U. S. will import more oil than it exports.

Growing reliance on foreign sources to meet U. S. oil needs is indicated.

Cut off from these sources in event of war, U. S. economic machinery, military operations might be crippled severely.

Pittsburgh plant is experimental, but on production basis. Laboratory work has been done.

It represents first commercial project by big business to make oil out of coal.

In it are two giants—Pittsburgh Consolidation Coal Company, world's largest coal producer, and Standard Oil of New Jersey, world's largest oil company.

Combine has knowledge gained through years of work in Germany, where necessity forced development of synthetic oils.

American technicians followed closely after combat troops in sweep across Germany, brought back knowledge which they say saved this country five years of experiment.

In addition to creating another important gas and fuel source, synthetic production would revitalize U. S. coal industry.

Year's operation of experimental plant is to provide experience and data needed to build full-scale operating establishment to cost \$120,000,000.

It will convert coal into gas, gasoline, diesel and fuel oil, and industrial alcohol.

Geologists estimate nation's coal supply will last 1,000 years or longer.

► **HERE'S ANOTHER REASON** for converting coal to oil:

Of 634 locomotives on order last month

for American railroads, 582 were diesels.

Rails also had on order 2,562 passenger cars, 95,297 freight cars, and another 41,200 contemplated.

It will take more than a year to fill equipment order. Bill will be \$900,000,-000.

► **THAT GOVERNMENT CORPORATION** with which you've been doing business may become an administrative agency one of these days.

At least there's a 50-50 chance of it.

Since Congress decided government corporations must have its approval before renewing their charters, the number in existence has dropped from 101 to 94.

Farm credit establishments account for 51 of those remaining.

Congressional screening as charters come up for renewal will take five years.

Remaining after that probably will be less than half present total.

► **SALES OF SURPLUS** ships are slowed by union objections.

Their point: Putting these ships to work under foreign flags limits job opportunities of U. S. seamen.

Involved in sales are tankers, Victory and Liberty ships U. S. operators don't want. It's question of foreign sale or rust.

So far Maritime Commission has sold \$1,000,000,000 worth of vessels, including 181 cargo ships and tankers to Latin American countries. Panama bought 91.

Commissioner Grenville Mellen told a House subcommittee that policy is to enable foreign flags to reach (but not exceed) 1939 tonnage.

► **BRIEFS:** If you must bet one way or the other, bet some coal miners will strike June 30. Captives will settle first. Then northern operators, then southern. For same take-home pay, fewer hours, bigger welfare fund.... Helicopter manufacturers now offer specifications on 16 models, can deliver most of them.... For 17 years (except in war-work peak) General Motors has had more stockholders than employees. Score: 431,384 to 300,634.... Cost of technological progress: Despite wartime shipbuilding facilities, Navy asks Congress for \$127,800,000 for construction, improvements at shipyards, experimental stations. Like auto industry's retooling costs.... International Harvester is doing more than twice its prewar business.... Advises Admiral E. S. Land, Air Transport Association president: "When you feel you must have a helping hand, look first at the end of your own arm."

the management likes it...

the employees like it...

AT PEPPERELL



the operators like it!



In 1944, the Pepperell Manufacturing Company bought a National Payroll Machine for its Fall River Plant. This machine gives a receipt with each pay envelope, listing the deductions for taxes, social security, savings bonds, etc. It also lists total earnings for the year to date, total income tax paid, and current total of savings for next bond.

After installing the National, there was no trouble keeping deductions straight, and employees were pleased by its clear figures which made plain the running total of bond, and other, deductions. The management was pleased by saving two days' payroll time each week. And the girls operating the machine, liked it immediately.

On the basis of its performance at Fall River, the Pepperell Manufacturing Company installed another National Payroll Machine in its Opelika Plant (about 1,000 employees), and two in its Lindale Plant (about 3,500 employees). These, too, have given excellent service.

Consult your local National representative, or write to The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.

National

CASH REGISTERS • ADDING MACHINES
ACCOUNTING MACHINES

Making business
easier for the
American
businessman.

**So flexible is the National Payroll Machine that the Fall River payroll is now paid in cash, although formerly by check. When not running payroll, it is used to figure labor distribution costs, direct and indirect, for the entire plant.*

TRENDS



OF NATION'S BUSINESS

The State of the Nation

TO revisit Western Europe, after an absence of ten years, is also to return with a disagreeable conviction that fundamental differences of social outlook between the two continents are increasing. Americans and Europeans are certainly further apart in their attitude on the desirable relationship between Government and the individual than was the case before the war.

This conclusion is drawn without reference to the state of mind in the large section of Europe which is under the direct control, or predominant influence, of Soviet Russia. In this huge area, everyone is perforce content to accept governmental orders controlling the smallest details of daily living. The Russian theory of planned economy, with the individual existing only to give unquestioning obedience to state authority, is virtually unopposed over a good two thirds of pre-war Europe.

What is more surprising to the visitor familiar with Europe before 1939, is to find this same philosophy so influential west of the Rhine. Personal investigation in England, France and Switzerland shows relatively little opposition to the doctrine that it is the function of the State to regiment the individual; the function of the individual to give unquestioning obedience.

Individualism is Going

This mental attitude, which is far too reminiscent of that of Germany under National Socialism, varies from country to country. It is not yet predominant in Switzerland, where the average

man still strongly resents governmental encroachment on his traditional liberties. The elimination of the free market is also fiercely opposed in France, where individualism is both hereditary and instinctive, and where governmental planning is related in peoples' minds to the methods of the German occupation. In England, on the other hand, the procedures of Socialism are accepted with rather surprising docility.

There are, of course, exceptions. As the Channel steamer on which I was crossing from France drew in toward the white cliffs of Dover, an Englishman at the rail beside me commented bitterly that he could see no bluebirds. "Only a lot of dirty, scavenging seagulls, if you ask me," he said, "producing nothing and living on scraps—like us."

When conversation revealed to this disillusioned British business man that he was talking to an American journalist he became even more emphatic. "For Heaven's sake," he said surprisingly, "tell your countrymen not to lend us any more money. Until we really face up to it, and realize how little initiative is left in England, we'll be content to sponge indefinitely. That suits our Socialist Government, which has the crazy idea that you can distribute wealth by taxes without producing it by sweat."

I thought of my censorious fellow-traveler, whose name I never learned, a few days later, when I read Winston Churchill's grim warning to his countrymen:

"The prolongation of the present system of denying rewards and sharing miseries will



WELDING 20% FASTER.... how much can YOU save?

Chances are, you can save plenty! For this new cost-saving advantage comes in the most common field of welding — the fabrication of mild and medium carbon steels.

The big time-saver is DH-2, a mild steel electrode developed by P&H Welding Research. By actual time trials, DH-2 welds *20% faster* than other electrodes in the mild steel group.

And the weld produced so quickly "feathers out" to make a neat, uniform joint — strong, crack-proof — machinable "as welded" or after heat treating.

Because DH-2 saves time on such a wide range of work, it enables you to make cost cuts where they'll have the best possible effect. DH-2 is yours when you call on P&H—just another advantage in America's most complete welding service.

Manufacturers of

	Overhead Cranes • Electric Hoists
	Excavators • Welding Positioners
	Arc Welders • Welding Electrodes
	MILWAUKEE 14, WISCONSIN

HARNISCHFEGER
CORPORATION

ARC WELDERS • EXCAVATORS • ELECTRIC CRANES MOTORS • HOISTS • WELDING ELECTRODES

break the mainspring of the country and, if it is continued, it will only be a question of time before we shall be unable to support our population."

During the years immediately following the first world war, from 1919 to 1922, I lived in Europe and spent a good deal of time in Germany. Conditions there were bad. Bread was of poor quality; butter and milk were lacking; clothing was shabby and the currency was far from stable. But the country possessed vitality. Factories were running full blast. People were working hard and one could sense that the underlying economy was sound; that recovery was on the way.

London, two years after the death of Hitler, is in some ways more depressing than Berlin two years after the Armistice of November 11, 1918. Though spring was in the air, bringing relief from the rigors of a terrible winter, the talk was usually pessimistic. This was the case whether one spoke with opponents or supporters of the Labor Government. "Our problem is not to maintain political power," a Cabinet member told me, "it is the solution of our administrative difficulties."

Soon, as one digs into the gloomy facts of Britain's economic situation, one gets the impression that these administrative difficulties, along the lines which are being followed, are unsolvable. In the fiscal year ending March 31, the Labor Government spent \$1,500,000,000 in subsidies to hold down living costs. Under the current budget the subsidies will be increased to \$1,700,000,000, or 14 cents out of every British tax dollar. Coupled with a rigid system of rationing and controls, this does hold living costs down. The index has risen only 32 per cent since 1939. But the price paid by free enterprise is enormous.

Taxes Pay Food Costs

A friend who owns a couple of acres in a London suburb, raising a few chickens, gave me an interesting sidelight. He may eat his own eggs, or ask friends in to eat them; but must neither give away nor sell this subsidized food except to the government pool. It pays him threepence an egg, retailing them to the public for twopence each. "That looks all right for me," he commented, "until you examine my tax picture. With a salary of £3,000 [\$12,000] and two children I will this year pay income tax of £1,200 [\$4,800]. That provides the subsidy on 288,000 eggs a year."

By keeping the income and inheritance taxes at confiscatory levels in the higher brackets; by enormous subsidies on essential foods and clothing; by prohibitive sales taxes on luxuries and by rigid rationing, priorities and controls of every kind—the Government holds prices down and is obtaining a more even distribution of national income than ever before. But, in the process, the production of wealth is drying up. Coal production in April was still 15 per cent under the 1938

level. And since May 1, when the five-day week was made mandatory, it seems inclined to sink even lower. Churchill's reference to "sharing miseries" is no mere political oratory.

In France the economic picture is in some ways more comforting—partly because controls don't work—but the political outlook is even less so. General de Gaulle on the one hand, the powerful Communist organization on the other, maneuver for advantage and await the psychological moment to seize power over a sadly weakened economy. Priorities strangle production in England. Politics strangles production in France. The level-headed Swiss, working hard in their unscathed little country, ask how long they can maintain stability in the sea of tumult round them.

More Freedom in America

To see the Statue of Liberty again, after even a brief visit to war-shattered Europe, is to realize the full meaning of that monument, so well placed at the entrance to New York Harbor. Behind the uplifted torch, the great pinnacles of Manhattan soar toward the sky—irregular, undisciplined, uncouth. But they have energy and strength and aspiration—three human virtues which government is erasing from the consciousness of Europe.

America looks good to the traveler returned from Europe. The State of the Nation is fundamentally healthy. Problems there are, of course; inequities and maladjustments and all the sorrows which spring from "man's inhumanity to man." But there is promise also—all of the promise which is possible when human beings are at liberty to develop their own lives under the dictates of individual conscience, free from the deadening regimentation of arbitrary government.

The United States cannot, of course, assume indifference to the woes of Europe. In our own self-interest, if for no worthier motive, we must do all we can to push these countries over the present dead center of disillusionment and despair. But the first and imperative necessity in rendering assistance to Europe is to maintain at home the spirit of free enterprise which is still the secret of American prosperity and power.

Europe has followed the road of government control downhill to its ultimate dead end. The self-reliant American way, for all its pitfalls and twistings, leads now, as in 1787, upward and on. It is the prayer of thoughtful Europeans that we shall unleash, rather than impede and confine, our vast productive power. If that fails, the picture across the Atlantic will indeed be hopeless.

FELIX MORLEY



OF NATION'S BUSINESS

1907-1947



The 40th Anniversary of INTERNATIONAL TRUCKS

This year, 1947, is International Harvester's 40th Truck Anniversary.

FORTY YEARS of International Truck progress, hand-in-hand with the progress of American transport.

FORTY YEARS that have seen the development of the International Truck Line from a single wagon-like vehicle. Today the International Line is the most complete built by any manufacturer. It includes 21 basic models with gross weight ratings ranging from 4,400 to 90,000 pounds. These 21 basic models convert and adapt into more than 1,000 different transport vehicles.

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Yes, the forty years of International Truck history have been years of progress. This progress culminates today in International's great, new Fortieth Anniversary Line of Trucks—International KB Models.

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INTERNATIONAL Trucks

The Month's Business Highlights

PESSIMISM, in so far as 1947 is concerned, has evaporated. The world situation, prices, labor relations, any one of which could have caused a major business disturbance this year, are less menacing in their immediate aspects. Whatever may be the long-range misgivings, no one seems to be worrying very much about the remainder of 1947.

A breaking off of relations with Russia now seems remote. American action with regard to Greece and Turkey might have precipitated a crisis. With the Moscow conference in session it soon was clear that no violent exception was to be taken. It is encouraging that the conference did not break up in a row. At no time was it expected to be more than a preliminary for further conferences. Firmness on the part of the United States and the bold stand annunciated in the Truman doctrine brought out clearly that Russia is in no position to come to grips with the western world. Apparently she intends to continue to sit in international conferences.

It is now apparent that Russia is not strong enough to go her own way. Many years probably will have to pass before she will have attained her maximum strength. This allows time to bring about better understanding and provides a period in which world trade can be developed and the United Nations strengthened. Those developments, coupled with the statement made by Marshal Stalin to Harold Stassen, have encouraged business here and abroad. Instead of being disturbed by the international situation, American industry should see in the uncertainties of the future abroad an additional reason why it should strain every fiber to attain maximum production. Production is just as important in winning the peace as it is in winning a war. The strength of the United States in peace will be judged by the extent of its production.

Prices Start Easing

Easing of prices came at a time when it was feared the situation was getting out of hand. Levels had been reached where business was being retarded to a substantial degree. Enough apprehension existed at the beginning of the second quarter to arouse suggestions for drastic action from even conservative quarters. Restoration of the excess profits tax and reduction of import duties were among the steps urged to stop the ascending spiral. Neither of those suggestions is

TRENDS



OF NATION'S BUSINESS

regarded as being practical. The excess profits tax is a wartime expedient. The President has authority to request the Tariff Commission to investigate tariffs. Militating against even a psychological effect would be the knowledge that the proceedings under the flexible tariff process are too slow to

meet the existing need. Profits and prices, however, will be considerations in granting concessions in reciprocal trade agreements. While Congress would not hesitate to act to halt the rise in prices of manufactured products, there is no disposition to try to bring those of agricultural products to lower levels.

An easing off of those prices would have a profound effect on all other prices.

Exports of agricultural products this year promise to exceed estimates substantially. They may total as much in 1947 as in 1946. Despite that unexpected development and the attitude of Congress, prices of many items in the agricultural list turned downward. Livestock is an important item in the agricultural index. Poor pasturage and other factors have operated to sustain livestock prices. If the livestock factor is eliminated, the weakness in the prices of farm products becomes more apparent. Lower prices for food and fiber would be particularly beneficial in the present situation. This is in the interest of the farmer as well as of the consumer. Farmers, because of their numbers and the nature of their business, suffer more than any other group from the consequences of inflation. The Administration is urging expansion of consumption rather than curtailment of production to cushion the decline of prices.

Antitrust and Lower Prices

The Department of Justice is concerned because of an appearance of concerted action in curtailing production of manufactured goods when prices begin to weaken. The antitrust division is preparing to go into action in a big way, with the avowed purpose of breaking up practices that allow prices to be maintained at artificial levels.

President Truman's comment on price levels meets general approval. It has a wholesome effect in keeping the subject before the people. Everyone commends the efforts of the clergy to discourage sin, but it is recognized that it takes more than preaching to stop wrongdoing. Voluntary



at Record Rate on New York Central



547 Plants Pick "Central" Locations. Along New York Central, new industry is digging in at an all-time record rate...laying the foundation for future profits. In 1946, a new high of 547 plants picked "Central" locations...enough, if gathered in one place, to form a great new industrial city.

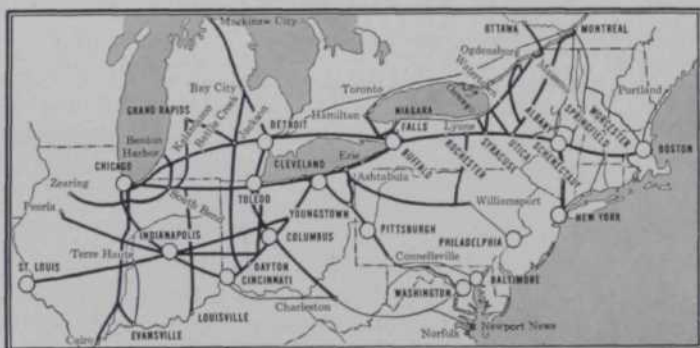


Sites for Farsighted Management. Plan now to be centrally located among America's biggest markets, leading ports and major sources of supply. Consider, too, the benefits of being served by New York Central...now investing \$100,000,000 in brand new freight and passenger equipment. Look ahead to the time when all these competitive advantages will count heavily.



Helping Industrial "Home Hunters". New York Central gladly furnishes details on available plant or warehouse sites now in its files...or undertakes surveys to find special advantages you need. Contact Central's nearest Industrial Representative or local Freight Agent...or write Industrial Department, New York Central System, 466 Lexington Avenue, New York 17, N. Y.

Why Record Numbers of New Plants are Locating on **NEW YORK CENTRAL**



- C**ONCENTRATED in New York Central's territory is 52% of U. S. buying power.
- E**LECTRIC power at low cost and sources of pure water for industrial uses are plentiful here.
- N**EW specialized cars are adding to New York Central's modern 158,000 freight car fleet.
- T**RAVELING personnel benefits from the dependable service of Central's Great Steel Fleet.
- R**AIL service via Central reaches ports handling 85% of Atlantic coast foreign trade.
- A**REA produces 75% of U. S. bituminous coal and steel, plus many other materials and supplies.
- L**ABOR supply includes nearly two-thirds of America's highly skilled factory workers.

NEW

NEW YORK CENTRAL

The Water Level Route



action looking to price reduction is not likely to turn the course of events or to be any more successful among merchants and other distributors than it would be among farmers. There are too many of them.

Response to the plea for lower prices came principally from those eager for an excuse to work off oversupply.

Unless they could rid themselves of old stock it was apparent that competitors soon would have new and better goods at lower prices. Those so-called community sales were valuable in another direction. They demonstrated that consumers have become more critical of what they buy and for what they pay.

Prices have discouraged construction but they will not have to decline greatly before resistance will be overcome.

In durable goods, shortages of vital materials continue to be the chief problem. In that field most producers are eager to reduce prices because their business is built upon quantity production. Their business suffers more than any other when prices or materials cut down the volume of their output.

Increased Industrial Efficiency

The unprecedented rate at which American industry has installed improved equipment is reflected in the increased output per man-hour in a wide range of establishments. A steady improvement also is noted in the efficiency of the individual workman.

Industrial production in the second quarter may exceed that of the first quarter, which averaged 189 on the Federal Reserve index, in spite of the dip in April due to the mourning period decreed by John L. Lewis.

More efficient plants are making it possible for some industries to reduce costs in spite of increases in payroll.

When prices rise, the consumer pays but that loss is spread more or less over the entire population.

When they decline a much smaller part of the people have to take the loss. Under a system of free enterprise there is no way to socialize the losses that come when values decline. Materials are bought when they are dear. Fabrication and distribution costs are high. The retailer and the middle men, caught with high cost products, must shoulder the loss if prices go down. If the decline is rapid, their only recourse may be bankruptcy. It takes a long time before reductions go all the way back to the raw materials. The only way disaster can be prevented is to have a gradual transition.

There are no safeguards in our setup likely to be effective in case of an abrupt decline.

Evidence is increasing that such an outcome can be avoided. Developments during the re-

mainder of this year should indicate rather clearly what may be expected in 1948.

Chamber Meeting

Comment at the annual meeting of the Chamber of Commerce of the United States last month presented a constructive cross-section of opinion from the important segment of the population which produces and distributes goods. Those pronouncements have aroused discussion from coast to coast.

The meeting served the important function of bringing the thinking of American business out into the open. Whether the expressions at those sessions were wise or unwise is beside the point. Not the slightest effort was made to slant the program or interfere with the freedom of expression. It was apparent to all who attended that the Chamber is democratically conducted and does its work in the open. The organization again has demonstrated its right to exist and to function. It is important that leaders know one another, be they in business or in the public service.

Capital for Reconstruction

Encouraging progress is reported by the International Bank for Reconstruction and Development. The experienced bankers in charge are determined that the institution shall not be conducted on a political or philanthropic basis. Capital movements are the prime requisites of reconstruction. There is evidence that they will be handled with vision and broad-gauged statesmanship.

American interests are profiting from one phase of the postwar situation that did not exist after World War I. Since the United States is occupying Japan and a part of Germany, American officials draw needed goods, equipment and raw materials from this country. Cotton growers are among those who received a windfall.

Troubles of the whole period since V-E Day seem to have been many, but there is reason to be thankful that it has been a period of practically full employment. A worse situation doubtless would have resulted if the men returning from war service had had difficulty in finding jobs. It has been fortunate that business has been spared the difficulties of unemployment during the reconversion period.

King Coal is a powerful potentate in the realm of industry and in the family circle. Woe is certain to come to the man, no matter how picturesque or well entrenched he may be, who attempts to come between that monarch and his subjects. Any new move in that direction is certain to fail as have the other recent forays.

PAUL WOOTON





**Accidents are expensive
for employers, too!**

*The Policy Back of the Policy—Our way of doing business
that makes your interests our first consideration*

TOUGH luck for Jimmy! But, in a ball game or a business, it doesn't pay to overlook a hazard. Costly accidents are apt to happen!

Cut accidents in your own business and you'll cut costs and boost efficiency. Hardware Mutuals Safety Engineering shows you how. You get this service with your workmen's compensation and liability insurance. It works through careful inspections, common-sense suggestions. It safety-trains employees. And it's safety-tailored to *your own needs*.

With this made-to-order safety program, the *policy back of the policy* brings many benefits. Our prompt, fair claim settlements are good for employe relations. And every year since organization Hardware Mutuals policyholders

have received substantial dividend savings. These now total over \$100,000,000.00.

Look into all types of Hardware Mutuals insurance . . . Licensed in every state, offices coast to coast. Send for our free booklet, "Industrial Safety Procedure."

*Non-assessable Casualty and Fire Insurance for your
BUSINESS . . . AUTOMOBILE . . . HOME*

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FEDERATED HARDWARE MUTUALS

*Hardware Dealers Mutual Fire Insurance Company, Home Office, Stevens Point, Wisconsin
Mutual Implement and Hardware Insurance Company, Home Office, Owatonna, Minnesota*

HARDWARE MUTUAL CASUALTY COMPANY

Home Office, Stevens Point, Wisconsin

Washington Scenes

AMIDST the clamor of a democratic government at work, a spirited undertone is heard in Washington. Its portent is this: The time has come for Americans to live up to the greatness of their country, which stands today, in Churchill's phrase, "at the pinnacle of world power."

This calls for some crusading. It also calls for a facing up to the realities of what it means to be the No. 1 power in the world.

If Americans have been slow in this respect, it is no great demerit. They never were especially eager to see the United States in the dominant position that it now holds, which in itself ought to be an answer to those who accuse it of imperialistic designs. Those nations which did want to be top dog in the world—Germany and Japan—simply did not have what it takes. In fighting them simultaneously, and playing the major role in their defeat, the United States got where it is today—the first nation in history to have world leadership thrust upon it almost against its will.

In one important respect, Americans have reconciled themselves to their destiny. They realize now that the most certain way to avoid war is to be ready at all times to fight a war; to be so strong as to persuade any would-be aggressor that, if he starts anything, he is likely to lose. The only thing not clearly understood in the United States today is what constitutes strength.

The Responsibility of Each of Us

In the great test that is now under way, with the American system of private enterprise arrayed against the Russian idea of the totalitarian or police state, the stakes are too high to allow any large part of the people to think they can avoid their individual responsibility.

Generalissimo Stalin has recently expressed optimism over the prospects for American business. He has thus gone counter to Soviet newspapers like *Pravda* which have been predicting an economic bust-up in the United States. Has Stalin abandoned the Marxist theory about the inevitable crisis in capitalist economy? If he has, then how account for Russia's stalling at the peace table and Stalin's own remark to Secretary Marshall about "a compromise of exhaustion?"

The official view here is that the Russian master minds have been betting on an economic tailspin in the United States, and have been counting on it to favor their own ruin and rule strategy in Europe and elsewhere.

TRENDS



OF NATION'S BUSINESS

If this view is correct, and if the Russians are guessing wrong, it could be one of the most grievous errors in history—an error comparable to the Stalin-Hitler friendship pact of 1939. To begin with, it could result in serious injury to Russia herself. That country is now in a deplorable state, and prob-

ably will continue to be as long as she clings to her economic and cultural isolationism.

But whether the Russians are wrong in fact depends, in the last analysis, on the rank and file of Americans. The task confronting them in this Summer of '47 can be stated simply. It is to make the American system work. Put another way, it is to keep the United States strong—strong financially, industrially, and morally.

The Government alone cannot do it; that is certain. It can only be done by the American society as a whole, working as a great national team.

• • •

It may be argued that this is an obvious truth, and one hardly worth belaboring. The fact is, however, that a good many responsible men think that it is something that needs to be shouted from the roof tops. These men—some in government, some outside of it—have been talking in what is a sort of unofficial parliament in Washington. This is the succession of conventions that hold forth here about this time of the year, and which produce some of the best thinking in business, professional and scientific circles.

What is the message these leaders are trying to get over to the people?

First, it is that Americans should look upon the world situation today without jitters or panic. In the test that is now in progress, the most fateful since ancient times, this nation has every reason to be confident and of good cheer. After all, the United States is a success.

(Incidentally, foreign visitors are never able to get over their astonishment when they find Americans scared and brooding. To them it doesn't make sense. Having come from lands cursed by hunger and all-around weakness, they just don't see how calamity howlers can thrive in a country that is at the very summit of history.)

• • •

What else is needed at this momentous time in the United States?

Gen. Dwight D. Eisenhower, who is heard by



**DON'T
"MISS
THE
BOAT"**

SEPTEMBER 17TH TO 26TH

Those are the dates of the Machine Tool Show at the Dodge-Chicago Plant. Plan to attend yourself—and be sure your company is adequately represented.

Management, production, engineering, purchasing and financial executives from all over the world will be there.

Hundreds of new machine tools, forging machines and other metalworking machines and equipment of all sizes and types will be shown *in full operation*. It's a rare opportunity (the first one in twelve years) to see the products of more than 250 manufacturers—all in one place at one time—to hear papers, covering new developments in metalworking techniques and processes, read by recognized authorities.

Send the Advance Show Registrations, for all of the representatives of your company, to National Machine Tool Builders' Association, Cleveland 6, Ohio. Write the Chicago Convention Bureau, Chicago, Illinois for hotel reservations.



too few of his countrymen these days, feels that a crusade is in order. He has been urging something of the kind for months, rallying Americans to think of their heritage and to strengthen the national backbone through self-reliance, initiative and pride of achievement. On a single day, he has talked to a CIO convention in Atlantic City and then hastened to address the Economists Club of New York.

"Ike" has an extraordinary grasp of the American problem. What's more he has the imagination and the eloquence to make it clear. He has an advantage, too, in being outside of and above party. Those who listen to him know that he is not trying to sell anything, least of all himself.

His thesis is that the Army and the Navy are simply the outer shell of this country's defense.

"For continued leadership," he says, "our material as well as our moral strength must be continuously developed. . . . The sharper our skills become, the higher the quality of our production, by so much is our strength and security increased.

"The alternative to a strong, well-integrated United States is an uneasy nation, dependent on chance and the whim of an aggressor for continued peace. On our posture depends the stability and endurance of a free world, a challenge worthy of all that's in us!"

The conqueror of the Germans in the west, in appraising America's strength, does not measure it in terms of population. Other countries, he points out, have populations that far exceed ours. Nor does he measure it in terms of our great natural resources. The undeveloped riches of other lands exceed what we have left after the lavish consumption of a century. And yet, as Ike says, no nation, or entire continent for that matter, approaches the output of the American industrial plant; and none has the brains that guide and the skills that man that plant.

"Our strength," Ike says, "comes from being an example before the world of how well democracy works, and in this whole thing the armed forces are but a part. . . ."

What is democracy? A school girl, asked to define it, said "It is what we are doing here." That is refreshing in its simplicity and far more eloquent than most definitions. A cynic would point out, however, that sometimes what we are doing here includes much that is wrong. A political scientist once defined democracy as "government by talk." That also has its faults, since talk sometimes seems to be the bane of democracy.

General Eisenhower gives his definition in one word—"cooperation." He got this from something said by Woodrow Wilson: "The highest form of efficiency is the spontaneous cooperation of a free people." Going on then to explain what has made the United States the greatest of all na-

tions, the Army Chief of Staff says:

"It has been cooperation, not fighting among ourselves, not refusing to see the other fellow's viewpoint. It has been a group effort, freely undertaken, that has produced the things of which we are so proud and which are represented in what we call today the American way of life.

"There is no charter, no laws, no anything else that can make this (American system) work except a realization on the part of all of us that all of us are a part of it, and each must do his share."

The General thinks that any business man, any man in the labor movement, any professional man who has this straight in his mind—and who also has some understanding of the cross-currents that are causing concern in the United States today—has not done his duty until he becomes "a crusader for the truth."



A year from now the Republicans and the Democrats will be getting ready for their 1948 national conventions. What is the prospect as of today? Barring a physical breakdown or some other misfortune, Harry S. Truman is certain to be the Democratic nominee for President. In all likelihood, he will be chosen by acclamation. Gov. Thomas E. Dewey of New York still looks like the best bet for Republican nominee.

Some political dopesters look for a deadlock between Dewey and Sen. Robert A. Taft of Ohio. In that case, the probable choice of the GOP is Sen. Arthur Vandenberg of Michigan, regarded by many here as the ablest man in the party. Dewey is friendly to Vandenberg, and vice versa, and that is important.

It is not likely that anybody will get the nomination who cannot count on the wholehearted support of the Republican governor of the most populated state in the Union.

Any attempt to call the 1948 election at this distance would be guesswork, nothing more. Most political writers here give the Republican Party an edge. However, the fact that they use that word, "edge," is in itself significant. Not so long ago they were looking for a G.O.P. landslide in '48.

The more doubt there is about a Republican victory, it would seem, the better are Dewey's chances of getting the nomination. New York and its bloc of 47 electoral votes then come to be regarded by the politicians as an essential prize. In the years since the Civil War, only one candidate has won the Presidency without carrying New York. That was Woodrow Wilson in 1916.

EDWARD T. FOLLIARD



Mr. G. takes the "if" out of glIFt buying

As a rule, Mr. G. was a considerate employer and able executive. His ability to make prompt, and correct decisions on knotty business problems was the envy of his associates.

As a *rule!* The exceptions occurred when there were gifts to buy . . . for wedding presents, anniversaries, birthdays. Then he was a hard man to deal with. There were just too many "ifs" involved in the task of selecting suitable gifts for women.

Then he got hold of a special booklet, designed from the man's point of view, prepared by Wallace Silversmiths. It described, illustrated and priced a variety of Wallace Solid (Sterling) Silver, both flat-

ware and holloware, especially appropriate for gifts.

Today, he standardizes on gifts of Sterling silver. When there are gifts to buy, he looks through the booklet, calls his local Wallace dealer . . . and the job is done without fuss or bother. Ask your Wallace dealer for "A Man's Guide to Simplified Gift Buying."

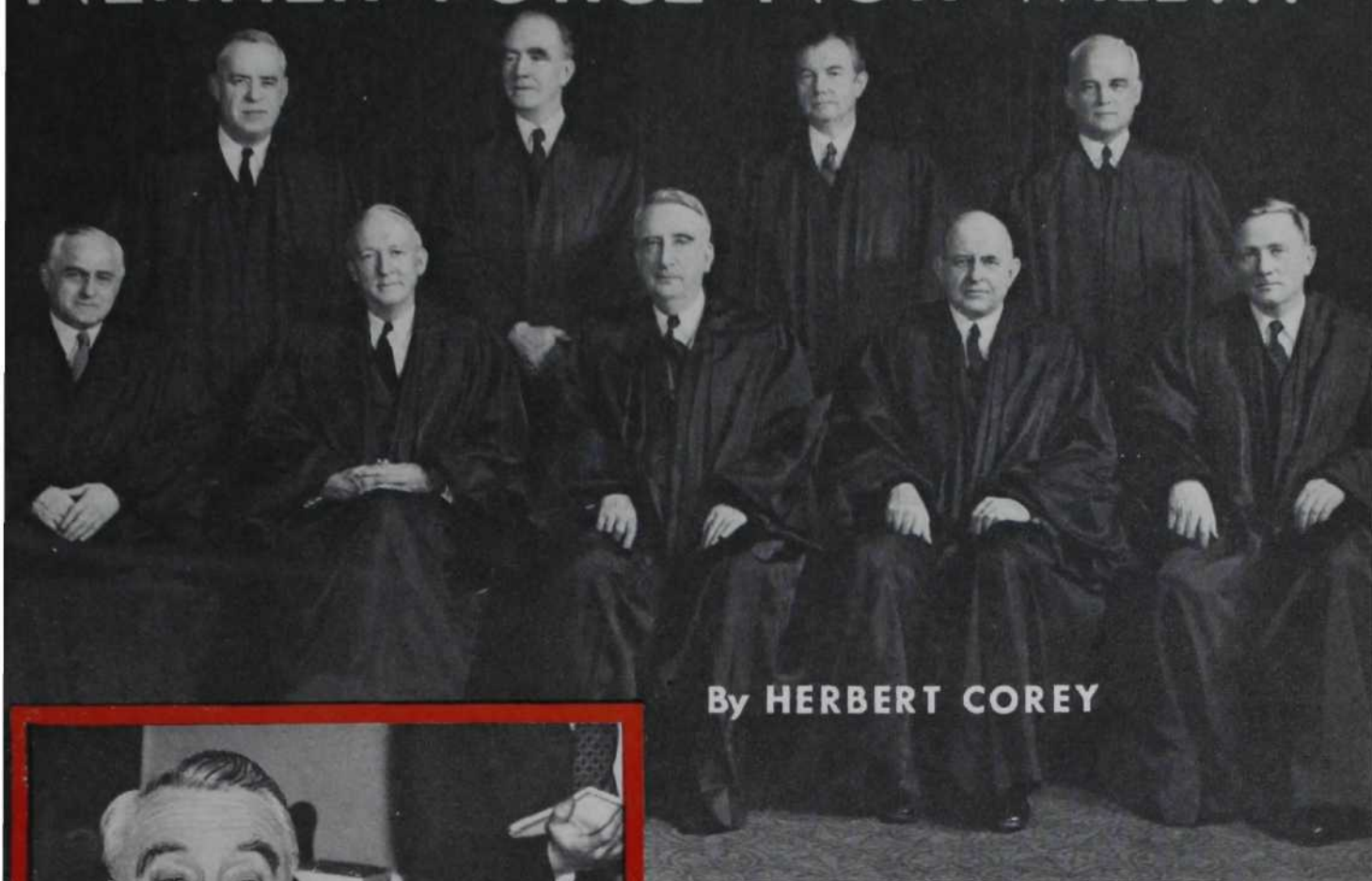
WALLACE

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NATION'S BUSINESS for June, 1947

NEITHER FORCE NOR WILL....



By HERBERT COREY

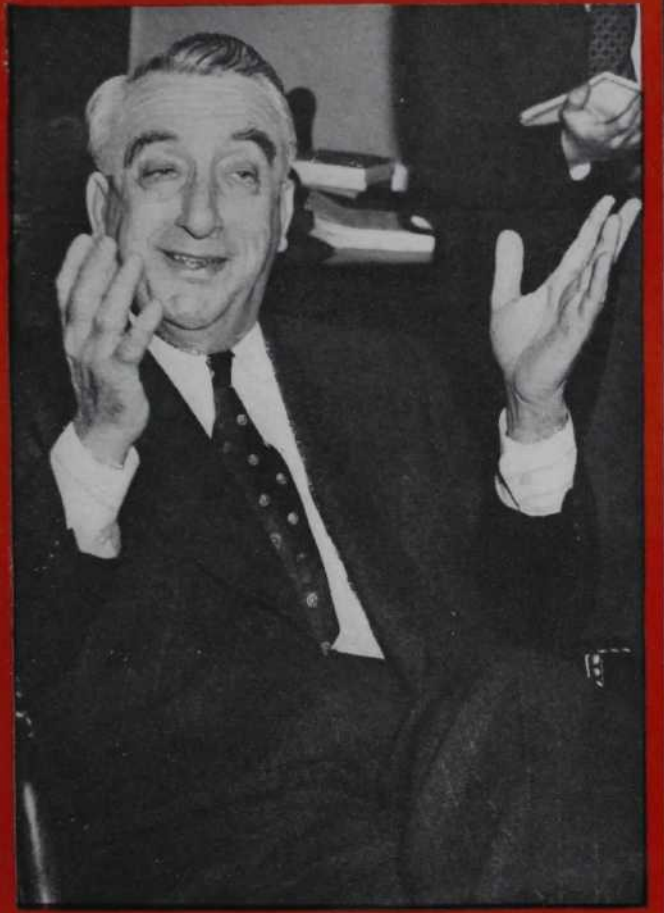
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THE SUPREME COURT, though members disagree, is a symbol of the law on which freedom is based

IN JUNE the nine Justices of the Supreme Court of the United States abandon their white marble palace—the general effect is somewhere between a mausoleum and a world's fair—and scatter for the long vacation. The theory is that for four months they will romp in the hay, go fishing, play a few outdoor games, and return in October renewed and refreshed.

It is a nice picture. Like a great many other pictures of the Supreme Court, however, it is out of focus.

Mr. Justice William O. Douglas is the only one of the nine who really gets in friendly distance of nature. He has a cabin somewhere in the hills of Oregon equipped with such conveniences as a creek, a bucket, and a dutch oven. There is not a telephone within a day's ride in a buckboard. Mr. Justice Robert A. Jackson shoots at marks and rides his horses on his farm near Washington. Mr. Justice Hugo L. Black—note: the "Mr." precedent to the title of Justice is a hang-over from a more formal era; just as is the High Court's rule



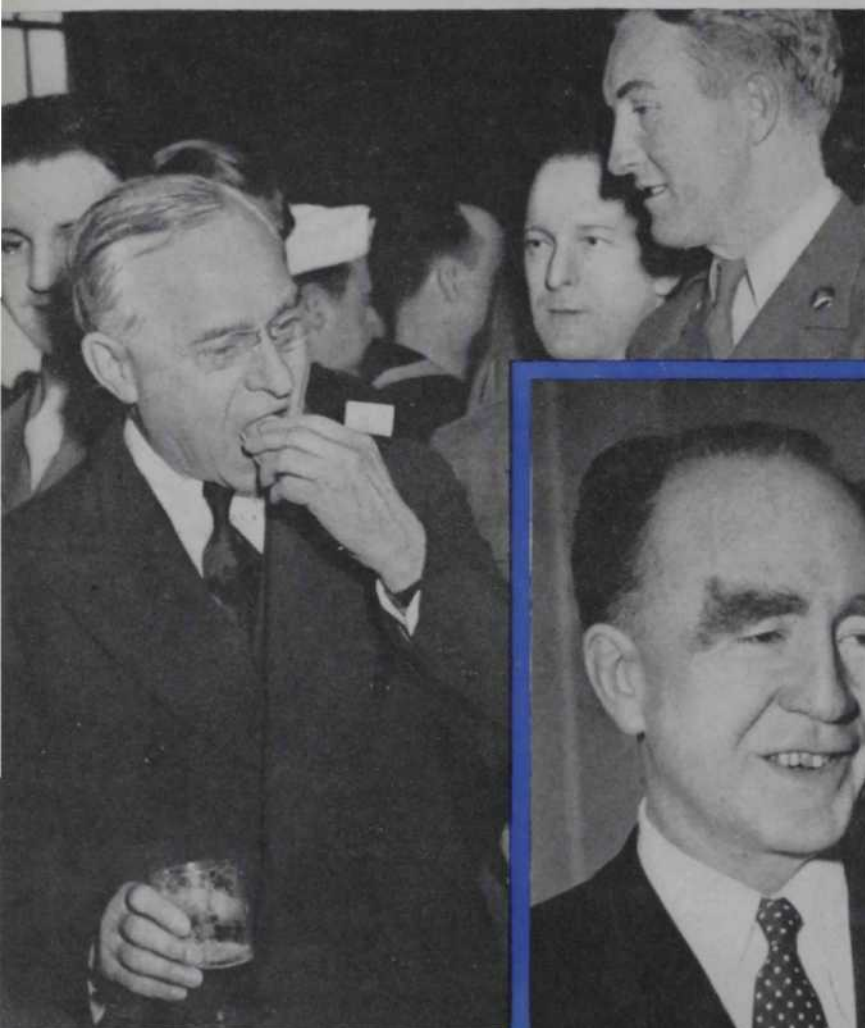
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The Court: Front, l to r, Frankfurter, Black, Vinson, Reed, Douglas. Rear, Rutledge, Murphy, Jackson, Burton. Below, Chief Justice Vinson in a moment off the Bench



INTERNATIONAL NEWS

Mr. Justice Black listens as the President sets forth an issue



INTERNATIONAL NEWS

Mr. Justice Felix Frankfurter

that the public sittings of the Court begin at noon is an inheritance from the same period, when rum and butter was a good drink on cold winter evenings, and it was difficult to rouse the judicial revelers on the morning after—Mr. Justice Black stays in his comfortable house just outside the District of Columbia and picks out sour little points of law with which to annoy his brethren when business begins again.

Mr. Justice Wiley Rutledge likes to summer in Colorado. He taught law in that state and acquired a liking for mountain peaks. Mr. Justice Harold H. Burton and Mrs. Burton will do some driving where the roads are good. Chief Justice Fred M. Vinson and Mr. Justice Stanley F. Reed will get back to Kentucky for old times' sake and Mr. Justice Felix Frankfurter will go to New England, where legal disputation is easily come by. Mr. Justice Frank Murphy will leave the hot shades of Washington and be sociable on comfortable beaches.

The picture continues to be unreal.

The nine justices will not work as hard as they do when the Court is sitting, but they will work hard. Wherever they go bales of briefs, documents, and law books follow them. They will prepare opinions for presentation when the Court's sittings begin again, often in the hope of obtaining posthumous fame. Generations of lawyers study and quote from these opinions. They will discard vests, sometimes go about in loose slippers, drink a highball with a pleasant neighbor, and now and then read the law according to Eric Stanley Gardner in preference to Blackstone and Coke.

They are, in short, nine very human men. Mr. Justice Murphy quarreled over a point

(Continued on page 91)

Frank Murphy, below, left, and Wiley Rutledge

ACME PHOTOS





PRESS ASSOCIATION
Mr. Justice Reed with a foreign envoy

Below: Mr. Justice Robert H. Jackson

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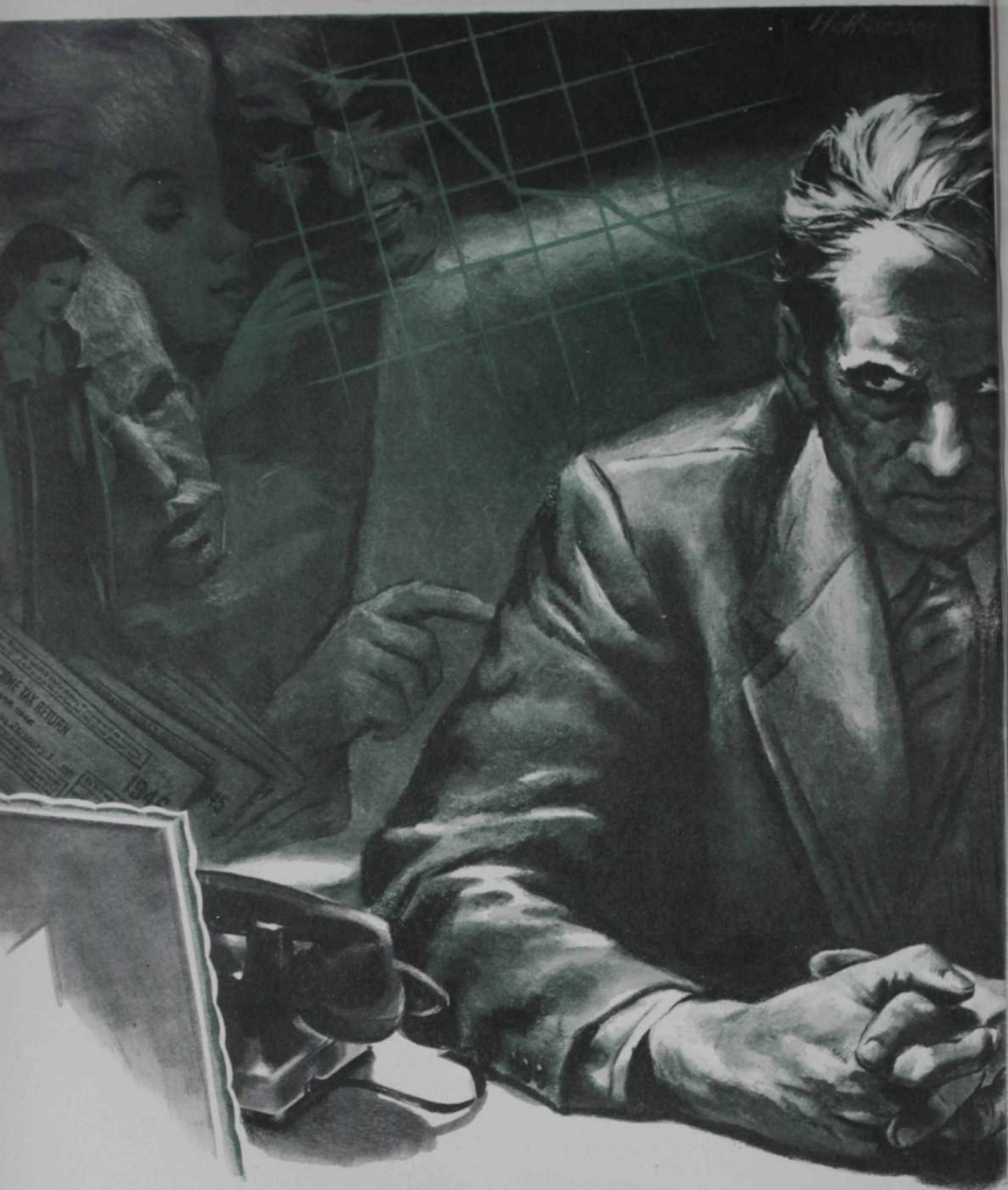
ACME

A Court attendant helps Mr. Justice Burton into his robe



PRESS ASSOCIATION

A member of the Tribunal since 1939: Mr. Justice Douglas



It's not overwork that causes one to go over the edge,
but the accumulation of mental hurdles to clear thinking

You Don't Have to Cut Paper Dolls

By LAWRENCE GALTON

OBSERVANCE of five simple rules will help you to avoid an occupational hazard that is becoming increasingly alarming

AT A RECENT annual meeting, the president of a large New England manufacturing company addressed stockholders, then answered questions from the floor.

Unlike some meetings where heckling is loud and long, just one needling question was popped at the president, a man of 55, known as one of the country's shrewdest, most decisive executives.

That question was enough. The president flushed, his majestic presence crumpled, he tried to stammer a reply, then hurriedly left the room.

If onlookers were astounded, the whole company was continuously amazed in the months that followed. From a calm, efficient man of action, the president turned into a jittery wreck. Arriving at his desk in the morning, he gave every indication of having spent a sleepless night. As one policy matter after another remained unsettled, his indecision became notorious.

Finally the announcement came: The president would be away on an indefinite leave of absence. He had suffered a nervous breakdown.

Nerves are shot

IN a New Jersey company one morning recently, the secretary of a widely known, rising young executive—who, at 36, had just been made a vice president—entered his office and let out a scream that brought people running. Her boss was sitting behind his desk, unshaven, unkempt, and loading a

revolver. Intent: obviously, suicidal.

"I'm sorry," the young vice president announced after the gun had been taken from him, "I'm at the end of my rope. My nerves are shot."

The plant doctor and his own physician who was called agreed with him.

These are just two recent instances. Eight million Americans, according to Surgeon General Thomas Parran, have mental disorders in some degree. Nobody knows how many of these disorders are of the type called nervous breakdown. But in the past few weeks I've talked to doctors, psychiatrists, insurance people—and the picture isn't pretty.

It isn't pretty for the general population where nervous breakdowns are on the rise. And it isn't pretty, in particular, for business men among whom the rate is alarming.

One psychiatrist reported that half his daily case load consisted of business men with nervous breakdowns. Another, a consultant for a major corporation, is kept busy much of every day with cases of actual or incipient nervous breakdown among junior and even senior executives.

One authority claims that, on the basis of experience, 25 per cent of all people in industry could benefit markedly from psychiatric help, and that figure definitely includes executives driving themselves toward breakdowns.

Probably no affliction is more misunderstood. The popular impression is that a nervous breakdown is usually due to overwork. Yet authorities say hard work, whether physical or mental, never in itself produced a single case of nervous exhaustion.

"Unconditionally," says Dr. Ira Wile, "there is no such thing as a breakdown from overwork."

Another popular misconception



is that a nervous breakdown is literally a breakdown of the nervous system, an organic weakening. Yet, looked at under a microscope, the brain, spinal cord and nerves of any person with a breakdown appear the same as for any normal individual.

Actually, a nervous breakdown is a psychoneurosis, an emotional crack-up. And the cause is worry. Not the ordinary kind of momentary anxiety, but worry that is 1. deep and continuous, and 2. concerned with a problem that has not been truly faced and solved. The worry leads to feelings of frustration and the worrier becomes actually sick with his worry; tense, sleepless, jittery, indecisive in his daily affairs. Finally comes the exhaustion point.

Many business men laugh at such an idea: How can any executive ever work himself into a mental breakdown purely because he refuses to make a decision? All an executive ever does is to make decisions.

Yet the president who was routed by a slight heckling question had discovered his wife in an indiscretion. He loved his wife, loved his children, hated divorce, yet couldn't make up his mind to forgive. He couldn't make up his mind to anything and was sick with worry and self-doubt. The heckler's question helped send him over the edge.

The young vice president's daughter had infantile paralysis.

She was the couple's only child. He had been torturing himself about the illness. There must have been something he could have done to guard against it. Or, if not, he should have noted the signs earlier. Or, if he had only found the right doctor. He couldn't quite decide that it had been his fault; nor could he decide that he was blameless.

People worry indecisively about all kinds of things. They worry about an alcoholic wife, a son threatened with reform school, a daughter involved with a married man. They worry about the added responsibilities of a new job or the increasing complexities of doing business.

One manufacturer, making hosiery for the Government during the war, had 30 years' experience in the business. He knew how many men there were in the Army, how many stockings were piled up in warehouses, what the wear-out rate was. It disturbed him to have to make quantities far exceeding what he thought necessary. He worried so much about it he lost sleep. Finally he went into a complete tailspin, took to alcohol, and had to be retired from the business.

There were many such crack-ups during the war, psychiatrists say, and there are many now. Business men, they indicate, are confounded by the great number and conflicting orders and demands made upon them by the Govern-

ment. They become anxious over the necessity for conformity.

"Many breakdowns," one prominent New York psychiatrist reports, "are the result of problems in renegotiation and reconversion under government controls. There is a feeling of inadequacy that almost all men have when they're up against government. It has a basis in fear, instinctive in all of us. In matters of income tax, for instance, most men are never certain of their returns. They believe they're accurate but, when challenged, break into cold sweat. They're overpowered by fear because they, as individuals, are up against the huge and powerful organization that is government."

Worry over something else

BUT there are more complex cases of breakdown, too. Frequently there's a great difference between what one worries about and the cause of the worry. It's a process of self-deception, the person transferring the worry from the thing that's actually troubling him to something else. Some of the cases the psychiatrists recount are amazing.

The owner of a medium-size, middle-western plant worked himself into a state of exhaustion because, so he thought, he was worrying so much over the soundness of his business. Actually, the trouble was a guilty conscience. He had been unfaithful to his wife. He

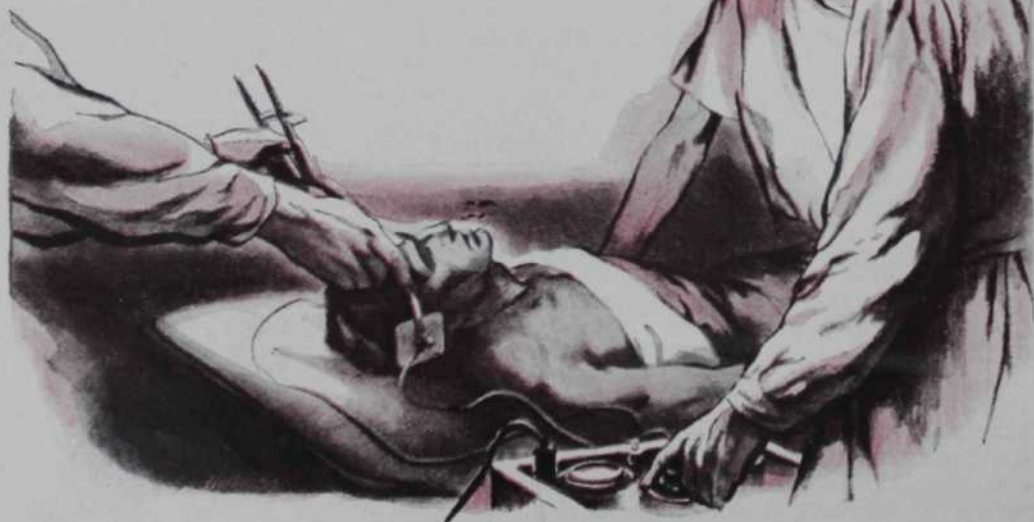
hadn't been able to decide to tell her about it, nor had he been able to reject completely the idea of telling her.

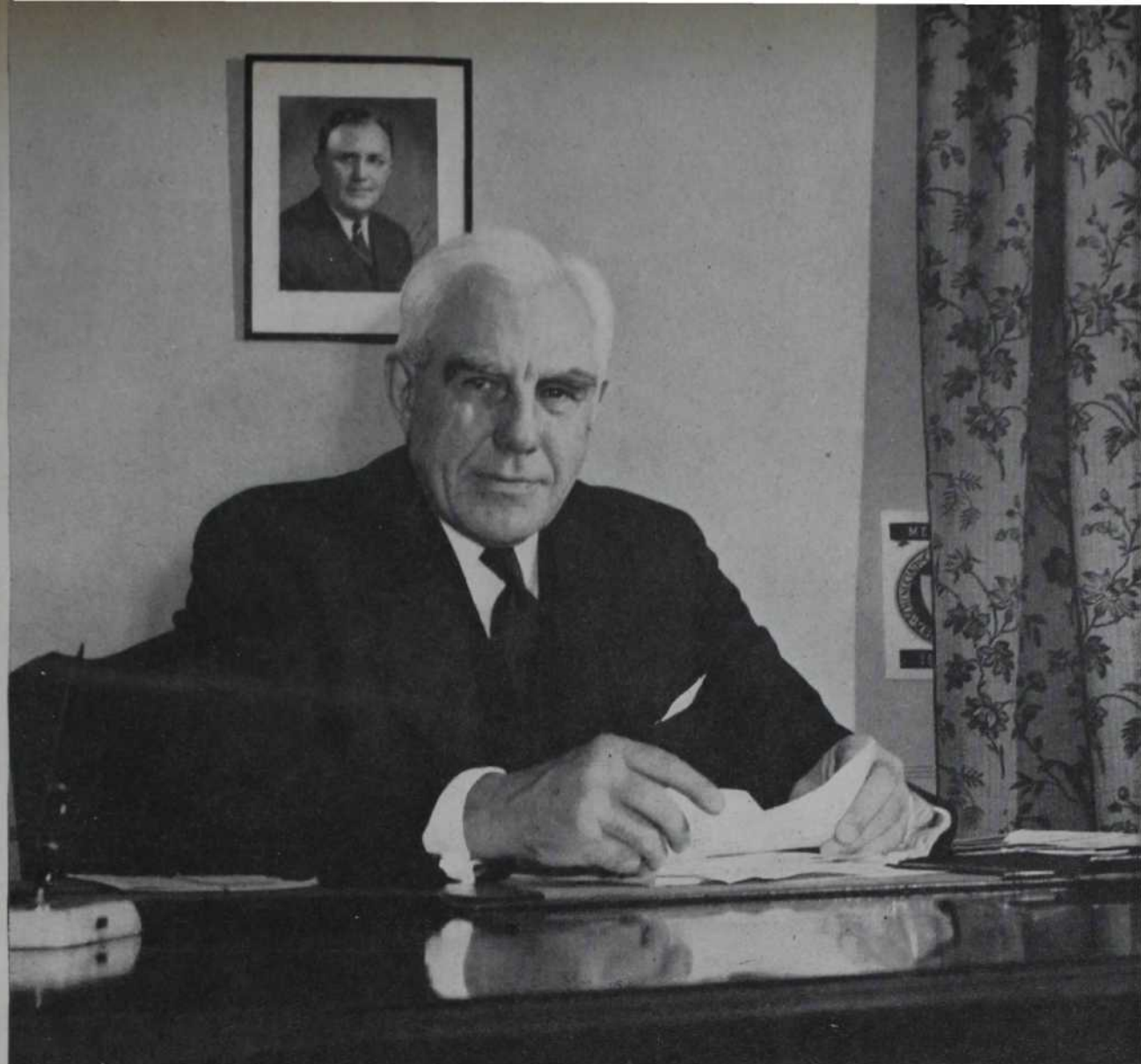
He tried to avoid deciding anything. He thought he had forgotten about the matter. And, consciously, he had. But, while he had ousted the problem from his conscious mind, he had buried it in a subcellar of his mind and there it had festered. Result: he worried needlessly about his business.

The assistant treasurer of a plastics company finally broke under the strain of worrying about nausea and cramps he had suffered for months. Doctors had insisted that there was nothing physically wrong. He was certain, however,

(Continued on page 80)

For complex cases, the electrical shock treatment sometimes makes more rapid cures possible





R. I. NESMITH

The Chamber's New President

By PAUL McCREA

EARL O. SHREVE knows America well. His 1,000,000 miles of travel have taken him to every corner of the country

IF EARL OWEN SHREVE, new president of the United States Chamber of Commerce, had time, he would like to travel. Since a tabulation of his ticket stubs would show that he has already covered more than 1,000,000 miles, this may seem to be a strange aspiration.

But, by "travel," he means a leisurely automobile trip with his wife to some place where there

was no impulsion to sell electrical equipment on arrival.

The Shreve travels started early. His father, James E. Shreve, was a building contractor so adaptable to change that his son, born in Mapleton, Iowa, entered school in Spokane, caught the elementary grades in Idaho, and was graduated from high school in Charter Oak, Iowa—a few miles east of his birthplace.

The contracting business had jobs for the boss' husky son but Earl Shreve ducked them, at least long enough to whip up a telegraph set out of stovepipe wire and home-made wet batteries. With this set and the help of the station agent's wife who shared her husband's facility in Morse, he learned the key sufficiently well to get a job with the Chicago, Milwaukee and St. Paul Railroad as station agent at Harrisburg, S. D.

He stayed there about a year increasing his bank account, his love of electricity and his vocabulary. He still speaks with awed admiration of the robust language of an

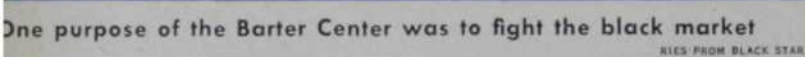
(Continued on page 73)



Prices are in "barter units" but could as well be in cigarettes



A Russian soldier admires a G.I.'s watch



One purpose of the Barter Center was to fight the black market



Any useful article is valuable for trading



An Economy Based on Cigarettes

By HERBERT M. BRATTER



INTERNATIONAL NEWS PHOTO

On the black market, 25 cartons of cigarettes buys a fine camera; at the Barter Center, 23

WHEN Secretary of State James Byrnes took temporary leave from the Paris conference last year on the occasion of his famous Stuttgart speech, the women of the party went shopping in Berlin. Under the Shakespearean quotation, "Soft! We are observed . . .," the *Observer*, our Military Government's official Berlin newspaper, reported:

"Secretary Byrnes' party was here only a few hours last Thursday and, after the reception at General Clay's home, the men-folk drove off for a tour of the city. But the ladies were all curious about the Barter Mart and . . . they spent their time in Berlin doing what most women love best of all—shopping. And they all emerged with trophies—Mrs. Byrnes bought an old, ornate K.P.M. plate, Mrs. Tom Connally bought a silver tea strainer, a silver tray and two sil-

ON May 26, the Army prohibited private shipments of cigarettes and tobacco to Germany "to stabilize the economy." Here's why

ver soup ladles . . . Mrs. Clay chose a Wedgwood plate. They were proud of their finds and most enthusiastic about the Barter Mart."

The Berlin Barter Mart is officially known as "OMGUS Barter Center" after the Office of Military Government, U. S., which created it last August and erected a building to house it.

As part of the scheme, a new form of money—BU Certificates—was devised. These certificates, each good for so many "barter units," are 3½ by 2½ inch notes. They are required in the Barter Center but good nowhere else.

Under the Barter Center plan, goods brought in by Americans or Germans are valued by appraisers at so many barter units. The seller receives these units, which he may use in paying for any other goods on sale in the Barter Center.

The plan was devised to satisfy the hunger of Americans for German goods and *vice versa*, and to stop black markets. Even with this worth-while purpose, its start was halting. For one thing, Army lawyers could not decide when trading-with-the-enemy is not "trading-with-the-enemy." Also the lawyers could not easily decide on a standard of value. That came only slowly.

The first "sales slip" of the OMGUS Barter Center called for valuation of goods in Reichsmarks. When the Adjutant General provided for values fixed in barter



Waiting for the post office to open so they can send their profits home

Cigarettes composed the bulk of the goods Americans put up to barter



units, he simultaneously provided for a commission of ten per cent in marks to pay overhead expenses.

Once the barter unit was born, the customers immediately accepted it as a fractional measure of the value of a carton of cigarettes. Thus the Barter Center's currency was founded on the "cigarette standard" and, since cigarettes will buy literally anything in Germany, the Barter Center has failed as an attack on the black market. Rather it fed the black market.

Anyone—American or German—would trade his own goods for barter units, use the units to buy cigarettes and go on from there.

Cigarettes the standard

At the beginning, the colonel in charge of the Barter Center in Berlin valued a carton of cigarettes at 20 barter units. Soon cigarettes were raised to 45 barter units a carton and later to 95. This considerably increased the purchasing power of the American community interested in buying from Berliners such items as antiques, typewriters, furs, porcelain and silverware. Correspondingly it made it harder for Germans who had such articles to acquire cigarettes.

The inducement for Americans in Berlin to supplement their PX cigarette rations by having packages of smokes sent from home was instantaneous. So, in September, the Chief of Staff in Berlin ordered the value of the BU drastically sliced to 55 barter units per carton. But business still flourished and the Army opened barter centers in Frankfurt and Munich.

Army officials are touchy about inferences that the cigarette was made the standard of value in the barter centers, but when a German asked an officer for an explanation of the meaning of a "barter-unit certificate," the informal answer I heard was:

"That means one carton of cigarettes."

Since something like 90 per cent of the goods deposited by Americans for sale in barter centers was cigarettes, there is little doubt that the cigarette was the standard.

However arrived at, values at the Barter Center and in the German black market are close to parity. On the black market, 25 cartons of cigarettes will buy a Leica camera; at the Barter Center, 23 cartons. Thus the Germans see that the American Government recognized not only the need for barter where the money system has broken

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New Performers Under the Big Top

By J. LACEY REYNOLDS

THE NEWCOMERS in Congress, in the background now, will be in the spotlight tomorrow.

A new crop of political leaders is coming up

PROMPTLY at 1 P. M., January 6, Speaker Joseph W. Martin, Jr., gavelled the House of Representatives to order for the first joint session of the new 80th Congress.

Within a few minutes the frock-tailed Sergeant-at-Arms announced from the rear of the center aisle:

"Mr. Speak-ah, the Senate of the United States."

The senators entered, two by two; strutted down the aisle in starched dignity and arranged themselves in the first three rows of reserved seats.

There, in the chalky glare of klieg lights, we in the press galleries got our first collective view of the new Congress. There were many strange faces, and I remarked on it to a veteran newspaperman to my right.

"Yes," he replied, "those are the faces of the future in American politics."

"You mean the Vandenberg and the Tafts and the men who may be on the ticket next year?"

"Not exactly," he replied. "I was thinking beyond 1948. Somewhere down there are the leaders who will emerge in the next five or ten years—or maybe sooner. We don't even know some of them yet; others we have seen but without paying too much attention."

I was immersed in the moment, wondering where Sen. Robert A. Taft of Ohio got that advance press copy of the speech the President was about to deliver. But my colleague went on:

"I was in the galleries in 1931

when the Democrats took over. It wasn't until later, however, that I realized I had been looking, that day, down upon the faces of the future—men like Jack Garner, Jimmy Byrnes, Bill Bankhead, Alben Barkley, Sam Rayburn and, incidentally, Joe Martin."

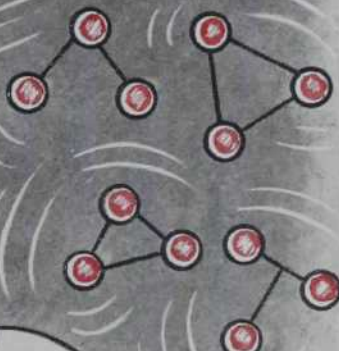
The more one sees of Congress in action, the more apparent it becomes that Speaker Martin gavelled in a new era in American politics.

The faces of this new era are popping up on every hand, as thick as dandelions on a May day. They are the headline makers of ten, 15 or 20 years hence.

They are to be noticed more on the Republican side of the aisle, of course, because Republicans are running Congress and attention is riveted on them. But there are new faces on the Democratic side, too.

One must seek out these promising newcomers because the spotlight is focused upon the obvious personalities of the moment—the various presidential aspirants in the next election, and the old-timers like Sen. Wallace H. White, Jr., of Maine, Representatives Harold

From top to bottom: Taking their bow high in mid air, and rather serious about it, are Thomas L. Owens and Charles J. Kersten. On the slack wire, Willis W. Bradley. And the Atom Age Juggler, Bourke B. Hickenlooper





Knutson of Minnesota and John Taber of New York who have assumed important committee chairmanships.

But potent political personalities are emerging in the shadows. They represent such a virile political force that their emergence may prove to be the most significant development of our times.

Certainly, they deserve the attention of those who follow political trends.

Here are a few episodes that indicate that a new force is at work on Capitol Hill:

Earlier in the session, Rep. Willis W. Bradley, a newcomer from Cali-

fornia, took over the majority table microphone to guide through the House an important measure from the Merchant Marine Committee. For a man of some 70 days' service to be entrusted with such a responsibility set a modern-day precedent.

About the same time, a couple of other freshmen, Representatives Frank M. Karsten of Missouri and Thomas L. Owens of Illinois, teamed up as a House Labor subcommittee to disclose Communist domination of the union carrying on the protracted Allis-Chalmers strike. Under ordinary circumstances they would never have been entrusted with such an investigation at so tender a congressional age.

On the Senate side, the new Congress has turned up a forceful political face in that of Sen. Eugene D. Millikin of Colorado. With less than six years' service, he is chairman of the powerful Finance Committee. In addition, he has distinguished himself as "swing man" for a potent bloc of G.O.P. newcomers in determining party policy on vital issues. For example, he took issue with Senator Taft over the size of the legislative budget cut, and won out with his own figures of \$4,500,000,000.

In the Senate, too, the firm way in which Sen. Bourke B. Hickenlooper of Iowa handled the Atomic Energy Committee hearings on the Lilienthal nomination obliged reporters to memorize the spelling of his name. They expect to use it frequently in the future.

Another episode has to do with Sen. Joseph R. McCarthy of Wisconsin. The senator had hardly warmed his Senate seat before he upset the veteran leadership of the Banking and Currency Committee to bring sugar controls to an end October 31, instead of June 30 next year.

Other political youngsters like Senators Homer Ferguson of Michigan and William F. Knowland of California, Republicans; and Senators J. William Fulbright of Arkansas and Brien McMahon of Connecticut, Democrats, have entered decisively into a number of recent Senate battles and won themselves credit. These episodes are the results of a system and circumstance that have given young men an unusual opportunity to distinguish themselves.

A study of the Congress to date leads to these conclusions:

Never in the modern history of Congress have newcomers had such an opportunity to make names for themselves.

Never in recent times have so many responsibilities been placed upon them.

And never have so many delivered so well in so short a time.

This is due partly to the fortuitous circumstances of modern political history; partly to a definite policy pursued by the leadership of both parties, and partly to the revised structure of Congress under the Reorganization Act.

Recent History—The reason newcomers—that is men who have served relatively short periods of six or seven years or less—are getting the breaks could be phrased in a number of ways.

A political scientist might say it is due to the swift resurgence of Republican strength since 1940. A business man might say: "They got in on the ground floor of a good thing, and rode it up."

A New Deal congressman twits his Republican colleagues by putting it this way:

"Franklin D. Roosevelt planned it that way."

"What d'ya mean?" is the belligerent response.

"Well, FDR attracted everybody to the Democratic band wagon and gave you young Republican incorrigibles a chance for a good seat on the Republican band wagon before it got rolling," says the New Dealer, adding: "He always liked to give young fellows a break."

There's an ironic element of truth in this. Due to FDR's pervading popularity during the 1930's, Democratic onslaughts reduced Republican representation in Congress to a thin, gray line. As recently as 1938, the G.O.P. could muster no more than 90 votes in the House, and 19 in the Senate.

Not until the early 1940's did Republican replacements begin to pour into the party's sagging lines. As a result of the rapid build-up, the replacements today actually outnumber the veterans in the Republican caucus at both ends of the Capitol.

The result is a Republican majority that is essentially the product of this decade.

This does not mean that the men of this decade are necessarily running Congress. The leaders are largely men whose seniority antedates 1940. They formed the cadre about which the newcomers rallied when they began to pour into the lines beginning in that year.

But, even for the men of this decade, the quick expansion of Republican representation did open up rare opportunities.

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The daring young man on the flying trapeze, upper left, is Christian A. Herter; flying through the air with the greatest of ease is J. Edgar Cienoweth; the other trapeze artist is Ross Rizley. J. Howard McGrath stands lightly on the head of Albert Gore. Riding the unicycle is John S. Cooper. Indian club juggler is J. R. McCarthy. Strong man is Eugene D. Millikin. In the balancing act below are: top man, Irving M. Ives; and understander, William F. Knowland





KNELL FROM U. S. D. A.



FORSTHÉ FROM U. S. D. A.

Our New Crop of

ALTHOUGH farmers are getting good prices for most of their products at present, they are uneasy about the future. They fear a return, within a year or two, of unmarketable surpluses, low prices, reduced incomes, and an agricultural depression perhaps as severe as that which plagued them and the nation in the '30's.

A recent U. S. Department of Agriculture survey to find out what farmers expected in the postwar period showed three fourths of those interviewed pessimistic. They expected a farm price bust within five years after the end of the war.

This pessimism is not limited to farmers. It is shared by agricultural leaders in and out of Congress, by economists, farm product processors and distributors, and public officials who deal with agriculture.

Aware of the agricultural uncertainty, farsighted industrialists realize they cannot be prosperous long if farmers retire from the consumer market because of a shortage of buying power.

Likewise, intelligent laboring men recognize that, if the farmer

cannot buy goods they manufacture, city employment and wages will suffer. They realize further that men forced off farms by depressed prices often migrate to cities to compete for jobs.

Since nearly 40 per cent of the country's population live on farms or in rural communities and depend on farm income for most of the money they spend for industrial products, a farm depression could have far-reaching effects which, in a short time, would pull the whole economy down.

Because of these various considerations, leaders in the nation's economic life are eager to have agriculture stay at or above a \$15,000,000,000 annual income level. They hope it never again will drop to anywhere near the \$4,000,000,000 level of 1932.

But there are signs that farm income soon will be on the downgrade. Even now the Agriculture Department is forecasting a decline of 15 to 25 per cent in farm prices by the end of the year. Of course, such a decrease would still leave prices of most products at relatively favorable levels. What

worries farmers is what may happen in 1948 and 1949.

Underlying this apprehension is a deep awareness that agriculture is not only more prosperous, but also more productive than at perhaps any previous time in the nation's history. The war not only restored farm prosperity, raised farm income, and gave farm people a feeling of pride in their work, it caused farmers to step up production one third above prewar levels. And, it should be remembered, the prewar level was larger than markets would absorb at that time. Farmers made this increase in the face of shortages of manpower. They demonstrated a productive power undreamed of a few years ago.

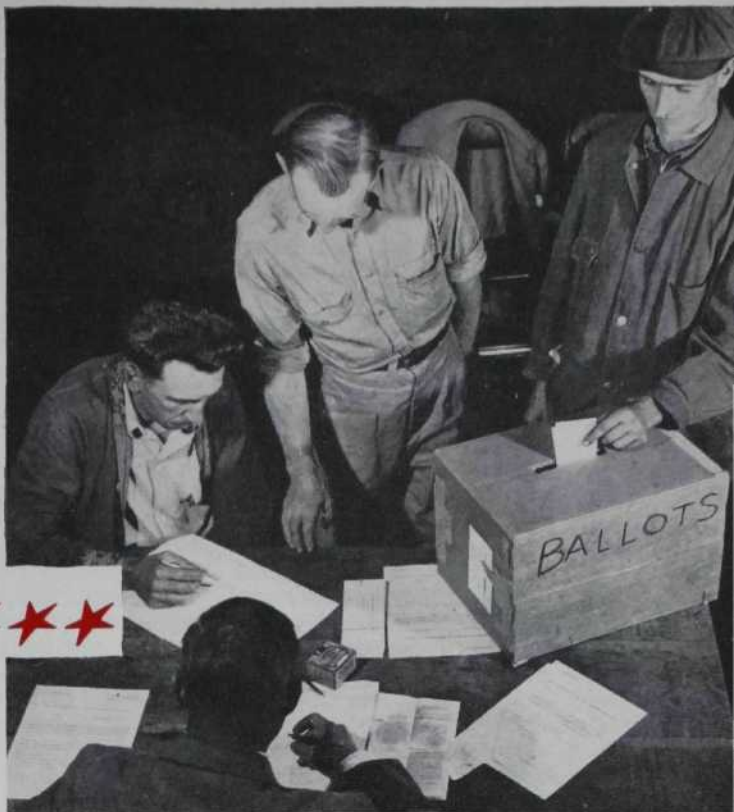
They did this by taking advantage of the latest technological advances offered by science and engineering—better soil-use practices, better seeds and plants, improved strains of livestock, improved livestock feeding practices, more fertilizers and lime, and better labor-saving machines and tools. In fact, agriculture, in a few years, underwent a production

ABUNDANCE

SOME people feel that farmers should be allowed to produce abundantly and that the Government be held responsible for moving the output. Federally financed school lunch programs, grants to low-income families are proposed as steps in this direction

... OR CROP CONTROL

OTHER people feel that the way to solve the farm problem is by having the Government control production and marketing, such as it was authorized to do under the AAA program. This would cover crop adjustments and parity payments



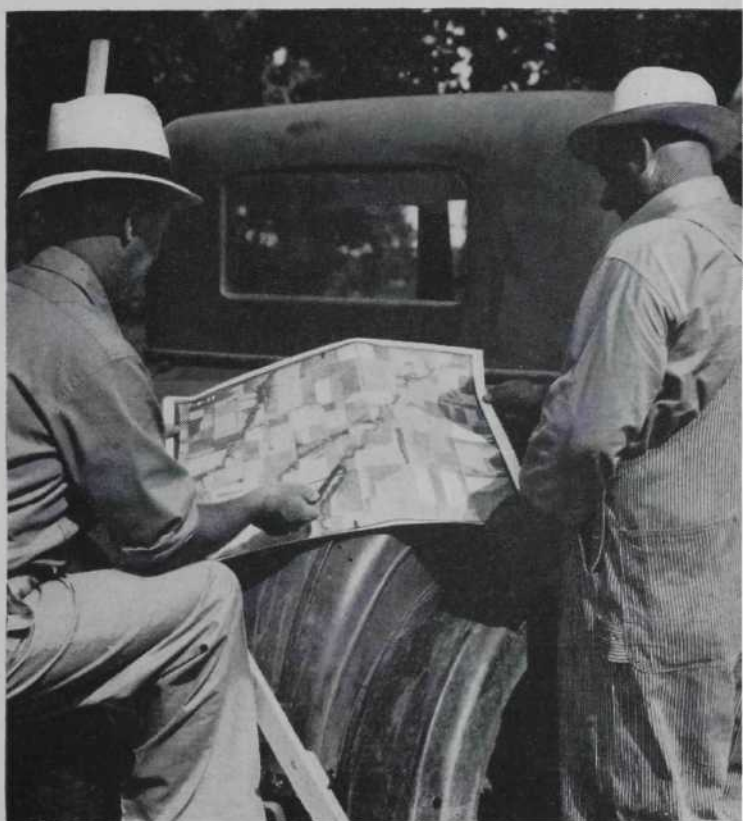
HARMON

Farm Problems

By OVID MARTIN



FORSYTHE FROM U. S. D. A.



ACKERMAN FROM U. S. D. A.

revolution. Secretary of Agriculture Clinton P. Anderson has described this technological advance as "irreversible."

Testifying before the House Agriculture Committee on a long-term postwar farm program, Mr. Anderson advocated a program of government-guided abundance. Under his plan, the Government would guide farm production in such a manner as to obtain production of commodities most in need to provide a high nutritional level. He would use price supports, production and marketing control measures to achieve such a pattern of output. In other words, the Government would offer favorable price supports for commodities deemed to be needed most—and less favorable price supports, and perhaps control measures, for commodities least in need.

Mr. Anderson also would maintain a permanent system of consumer subsidies which would be designed to enable all persons to buy a nutritional diet. He would broaden the present school lunch

livelihood on farms. Industry, no longer concentrating on the production of tools of war, is increasing output of labor-saving farm machinery. Fertilizer supplies are increasing. So are other farm production materials.

Moreover, as the ability to produce increases, the market is beginning to turn downward. Military requirements are only a small fraction of what they were two years ago. Although war-weary Europe and Asia still are taking large quantities of American food, particularly cereals, once these areas get their own agricultures rehabilitated, they will need far less American food.

Food meets competition

AT home, too, food is running into greater competition for the consumer's dollar from industrial products which are coming back on the market. Many people bought more steaks, dairy products and fruits than they were in the habit of consuming because

may soon exceed their markets. Production which outruns demand spells surpluses.

There is no shortage of suggestions as to how to meet this threat. But there is a serious lack of agreement on a course of action, granting, of course, that the people want to take affirmative action—and there is not even agreement on that.

According to some opinion, agriculture should be allowed to "go through the wringer." Those holding this belief maintain that such a course would be best in the long run because it would shake out inefficient producers and force production to adjust to demands.

Chief objection to such a course is that it would mean undue suffering for millions and possibly overthrow of economic democracy as we know it.

However, unless this is to be the policy, some kind of decision must be made soon. Under present law, the Government must support farm prices at specified levels. Since this law expires at the end



Food is running into greater competition from products which are coming back on the market

program to take in all public schools. He also would make surpluses, should they develop, available to needy countries at cut prices.

Certainly there are factors which will tend to push farm production even higher. The end of the war released more manpower. In time a large portion of this manpower may be forced to seek

automobiles, refrigerators, sewing machines, and other industrial products were not available.

Without a doubt, agriculture would have serious surpluses now except for the momentary abnormal export demands and a still short supply of many non-food consumer goods.

Thus, in brief, farmers are producing at a new high level that

of next year, it is not too early to examine some of the more important proposals which the nation is being asked to adopt. Only major outlines will be given here and no effort made to evaluate them.

Most of the proposals can be divided into two general groups:

1. Those based on the premise that future farm policies must em-

ploy production and marketing controls to prevent price-depressing surpluses.

2. Those based on the argument that the nation should encourage farmers to produce abundantly and that the Government should be responsible for moving the output into consumption, and of assuring farmers returns which would keep them prosperous.

Let's consider the arguments for controls first:

Those advocating these measures fall into two general groups. One group holds that the controlling should be done by Government. The other, that the farmers should do it themselves because, as prudent producers, farmers have the duty and responsibility of making adjustments in their production and marketing which may be necessary to assure stable farm prices and income.

They declare that no individual farmer has an inherent right to expect society—under all condi-

tional initiative which in the past have been valuable contributions to the American way of life.

Those favoring government direction of production and marketing control measures contend that farmers themselves could not make necessary adjustments. They say each farmer would tend to leave the adjustment up to his neighbors with the result that none would reduce. Price-depressing surpluses would be inevitable, they say.

This group holds that a control program can be effective only when it has the force and power of the Government behind it. They believe that the New Deal Agricultural Adjustment Agency program, with its system of acreage allotments and marketing quotas for individual farmers, is the only solution. Authority to use this system still exists. Advocates say it should perhaps be extended to some commodities not now covered. Among supporters of the AAA system is the American Farm Bureau Federation.

spite our boast of being the best fed people in the world—fewer than one fifth of the nation's families had diets that met minimum standards for assuring physical well-being. Some diets were said to be faulty because of ignorance of nutritional facts and poor food habits. But most inadequate diets reflected, the Department said, insufficient purchasing power.

Better diets help farmers

IT is generally agreed, however, that diets of millions of families improved during the war. Domestic consumption of food, particularly of high nutritional foods—meats, dairy products, poultry products, fruits and vegetables—increased considerably.

To a large degree, this improvement reflected a wartime increase in employment, wages and purchasing power. Many low-income families who had been forced to subsist on low level diets before the war found themselves able to buy better foods.

The argument is that, if the nation adopted policies and programs which would assure every person sufficient income to buy an adequate diet and coupled this with educational measures designed to inform them on nutrition, the result would be a demand for all the food farmers could produce.

Presumably, too, informed consumers would want less cereals, potatoes, dry beans and other direct food crops, and more livestock products, fruits and vegetables. To meet the demand for livestock products, farmers would produce more hogs, cattle, milk, eggs and chickens, thus shifting large acreages from wheat and other crops to corn, oats and other livestock feed grains and pastures.

Such a shift in the farm production pattern, it is argued, would eliminate the possibility of serious surpluses because, in general, livestock products require more manpower and about seven times as much land per calorie of food as crops used for direct human consumption.

However, many farm leaders question this contention. In the first place, they doubt that employment and wages will be sufficiently high to provide all consumers with enough income to buy high quality foods. In the second place, they say the problem of preventing a farm depression cannot wait the attainment of a higher individual income level and fulfill-

(Continued on page 66)



Farmers are producing at a level that may soon top markets

tions and at all times—to provide a market at favorable prices for all the products he may choose to produce or that nature enables him to produce. These people hold that government subsidies to supplement farm income or to induce farmers to abide by government-directed control measures tend to undermine such qualities as independence of character and indi-

So much for the suggestions for return to control. Let us examine now the ideas for maximum production.

Those who advocate this solution regard the farm problem as a social and health as well as an economic problem.

They cite studies made by the Agriculture Department before the war which disclosed that—de-

America's Fellow



Personal safety goes out the window in the war of the wash basins. It's straight edge

IF YOU want to know what the Great American Wife really has to put up with, one of the best places to find out is in the washroom of a Pullman sleeper. Discovering what your fellow man actually is like in the morning imposes a great strain on your confidence in human nature.

Brother, they are a mean and surly-looking collection as they part the curtain and stick their disheveled heads through the doorway. Most of them seem to be thinking, "one word out of anybody about anything and I'll let 'em have it."

Let's take a look at some of them as they charge in, pot-bellied and round-shouldered, tall and short, athletes and very, very ex-athletes. Remem-

ber that they have all waited until the last possible moment, and now they can't understand what the devil the Pullman Company is thinking about to provide such inadequate facilities.

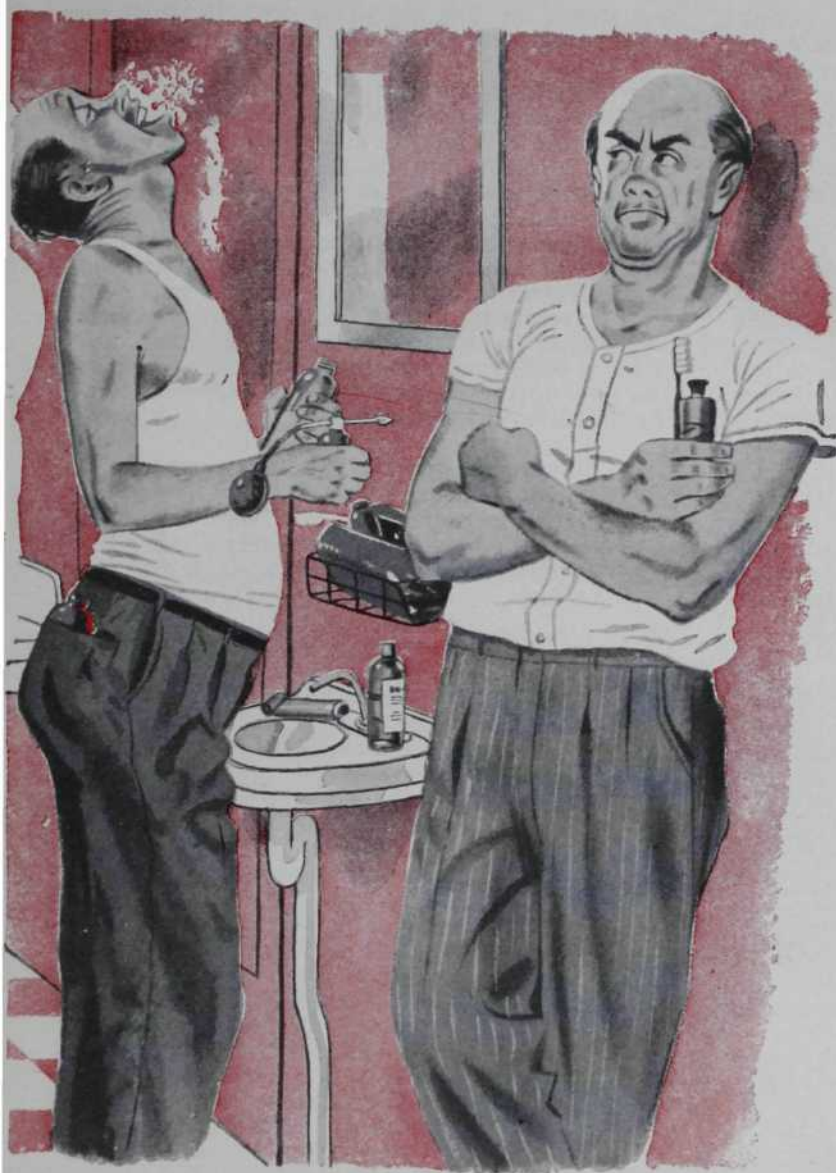
In any given washroom, on any train, in any part of the country, some or all of the following types of American manhood will exhibit their personalities:

The "Body-Beautiful" or "He-Man" type—This guy fancies himself as *all* man, and the logical successor to Lionel Strongfort or Charles Atlas. Generally he is stripped to the waist or will peel down to his jockey shorts. He wears no undershirt.

You can be sure of at least two things. One is that

Travelers

By WALTER W. BELSON



versus electric, atomizer against toothbrush

he will be as brown as a chocolate bar. He may or may not have spent a couple of months in Florida, but that's the idea he is trying to put across, even if it costs him hours under a sun lamp. You can also be sure that his chest will be a weed-patch of hair.

When he gets to the washbasin, the boys at the basins adjoining had better prepare to protect themselves. He is an aggressive washer and throws more spray than a shower nozzle. First he fills the basin, way up, and then using both hands as a scoop dashes water all over his face and head—and all over your face and head, too. He is the only head washer on the car—maybe because he has no hair to dry, nature in a nasty mood having poulticed

LIFE in a Pullman wash-room in the early morning is a cross between a Louis fight and a Fred Allen show.

his stomach with what most men have on their craniums.

The "For-Goodness-Sake" type is almost his exact opposite.

This lad slides unobtrusively through the curtain and looks around in dismay at the sight of the bare bodies. He is more than somewhat disturbed at the idea of taking his shirt off in front of all these strangers. When he does, you notice that his skin is dead white and it is a fair guess that his narrow chest is unadorned. Let us leave him there, standing with his knees close together, while all the go-getters rob him of his turn at the washbasins. He will be the last to leave.

The "Morning-Call" type requires some ducking.

Generally around 50 or older, this guy makes no secret of what is on his mind. He crashes through the doorway, executes a sharp right turn and charges for the door of that utility spot for which the night clubs think up so many cute names. Nine times out of ten it is locked. Someone has beat him to it. He gives the door a savage rattle—takes a quick turn around the room—and although he

knows it is impossible for the occupant to have left, gives the knob another terrific shaking.

He then stabs everybody in the room with a ferocious glance to see if anybody wants to make something of it—and takes another quick turn around the room. Or, if the congestion is too great, and since he can't stand still, he may surge out into the corridor, tearing back frantically and often to shake the door viciously.

If you are a sadist, and who isn't as far as characters like this are concerned, you can only hope that while he is at the other end of the room or out in the corridor, the somewhat disturbed occupant of the john will emerge and one of the other three

guys who have been waiting their turn patiently will slip in. Such little happenings really brighten up the day for those of us with a streak of cruelty.

The "Wobbler" or "Personal-Injury" type is another distinct character.

This fellow is strictly sober and normal in all respects save one—he just can't keep his balance. He is a better exponent of swing and sway than Sammy Kaye. He is acutely aware of his failing and even says "beg your pardon" when *you* bump *him*. Thanks to safety razors, he no longer is the menace to personal safety he once was, but there are still travelers, notably old drummers, who use a straight edge razor. When "the Wobbler" plants himself at the middle basin with an old fashioned shaver on one or both sides of him, the blood really flows.

The "Hang-Over" or "Wanna-Li-I-Drink?" type is another character who careens around the room to the great discomfort and considerable danger of all.

With the best of intentions, he went up to the club car the night before to have one teeny weeny little nightcap before turning in. At 2:30 A.M. the Filipino managed to steel himself against further bribery, turned the guy out and closed up the place.

What happened to the glittering blonde next to whom he had planted himself at 11 P.M. and who had lapped up about \$9 worth of Scotch, this fellow will never know. The porter has brought him five of those little two-ounce bottles of "Old MacDuff" and here he is, lurching around the washroom, full of hospitality and headache. He can't understand why everybody doesn't want a little pick-me-up, but thass awright with him.

The "Hypochondriac" type is another all too familiar character.

Having shaved more or less successfully, it occurs to you that you ought to give the old choppers a quick once-over. A clean tooth never decays. So you get out your brush and tooth paste, and take up your stance behind an individual who has been using the tooth cleaning facilities for some time, and must be about finished. But he isn't about finished. He has only begun. Up to now all he has done is to spend a full five minutes energetically brushing his teeth to the accompaniment of some strange and eerie sounds.

He is a toothbrush fanatic. He doesn't know it, but he has very little enamel left.

Still to be handled on his regular morning program of self-medication and home therapy are these little items:

1. A thorough gargling, in the course of which he will throw back his head, emit blood-curdling animal noises, and spray mouth wash all over his end of the washroom.

2. A complete scavenging of the nasal passages to the accompaniment of antisocial sound effects, winding up with a nasal spray.

3. A spectacular job of ear-cleaning accomplished by wrapping the forefinger of the right

hand in a wad of cleansing tissue and vibrating it rapidly in the ear.

4. The ceremonial consumption of one large white pill, one medium-sized and sinister-looking yellow pill and a huge capsule.

This ritual compels his monopoly of the tooth cleansing facilities, of course, because he needs both water supply and drainage. If you are conscientious about your teeth you will wait him out, but if you are like me you'll say, "The hell with it; I'll clean 'em tonight."

The "Big-Equipment Man" is becoming common.

Almost everything you ever saw advertised can be found in this fellow's kit, which is often almost as big as his traveling bag. Most of the stuff is stainless steel, chromium, fancy leather goods, strange looking brushes and the damndest collection of odd-shaped bottles and flasks you ever saw in your life. He, of course, has, or is likely to have, a four-head electric razor, but he may whip out a solid gold traveling type safety razor to justify using all the unguents and lotions he carries. This lad is often a bridegroom and his equipment represents his ever-loving bride's lack of sales resistance where "love" is concerned.

The "Suitcase-Lugger" is the final number in this collection of characters.

This guy has no shaving kit. Doesn't want one. Believes that a man who would carry a fancy shaving kit would wear a wrist watch. Well, he's no pansy—he's a man. He prefers to lug his traveling bag—

which is roughly four feet long and three feet deep—right into the washroom. When the corner of the carryall hits you in back of the knees, you begin to understand the wisdom of the clipping penalty in football.

What is worse is the happy-go-lucky manner in which he plants the bag right on top of your only clean shirt. Not satisfied with taking up two-thirds of all available space with his bag, he now proceeds to use the rest of it to park his dirty laundry while he stages a hunt for his shaving tools.

He whips through the dirty shirts like a laundress and finally puts an operating unit together, but not before he has scattered dirty linen all over the shelf and more likely than not scooped up your new tie with some of his soiled stuff.

Well, there you are—our washroom pals.

Don't misunderstand me. There are some swell guys traveling around the country—guys like you and me—that get up bright and early and get our jobs done.




I haven't mentioned our type yet but I will pay tribute to them now.


You will always find us, when the washroom is most crowded, sitting there sucking on our pipes or chain-smoking cigarettes. Above our heads are signs which the Pullman Company has put here and there around the washroom and under which we sit in well-earned contentment. The signs, of course, say, "Passengers will kindly not use this room for lounging or smoking when others are shaving."



Mean and surly-looking, this gent is the "urgent" type

The conquest of CANCER is progressing.

Last year medical science  saved the lives of thousands of cancer patients, and many more might have been saved  if cancer had been discovered early. While specialists say that the best means known for treating cancer is complete removal by surgery, or destruction by x-rays or radium rays, experiments  with other methods are constantly going forward.

Chances of cure are best when cancer is treated in the early stages. To detect early cases, there are 3 things  everyone should know!

1

What are the "Danger Signals" that may mean Cancer?

1. Any unusual lump or thickening, especially in the breast. 2. Any unexplained bleeding. 3. A sore that does not heal, particularly about the mouth, tongue, or lips. 4. Noticeable changes in the color or size of a mole or wart. 5. Loss of appetite or continued unexplained indigestion. 6. Any persistent changes in elimination.

2

What should you do when warnings appear?

Get medical advice at once! Remember, the "danger signals" show that something is wrong, but they are not sure signs of cancer. At one leading clinic nearly 9 out of every 10 women who came for examination because they recognized the warnings and suspected cancer, did not have the disease!

3

Why are annual physical checkups important?

Cancer often starts without any warning signals that the patient can detect. Only examination by a skilled physician may discover these "silent" cancers in their early stages. That is why annual medical examinations are so important, especially for older people.

There is progress in cancer research, too!

Today, more and more people are living to older ages when cancer is most prevalent. Cancer still ranks second among the causes of death, but medical science is continually increasing its knowledge of the disease, and working to develop new and better techniques for its control.

Many promising experiments are being carried on. Atomic research has provided valuable new materials for

laboratory study of cancer cells. Clinical research and intensive studies in chemistry, biology, and physics also give real hope that the secrets of cancer will be discovered.

To help protect yourself from cancer, and to learn more about this disease, send for Metropolitan's free booklet, 67-P, "There Is Something YOU Can Do About Cancer."

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Metropolitan Life Insurance Company (A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT
1 MADISON AVE., NEW YORK 10, N.Y.



TO EMPLOYERS: Your employees will benefit from understanding these important facts about cancer. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!

Share Bed, Board and Taxes

By JUNIUS B. WOOD



Taking Solomon's ancient threat as a precedent, the court ordered a wall built through the center of the hotel and ownership divided

CONGRESSMEN from 39 states are beginning to wonder why their federal income tax is higher than others pay

POETS SING of the springtime when the young man's fancy lightly turns to thoughts of love. And our tireless Congress is now bestirring itself to turn the lagging thoughts of mature bachelors and spinsters to the same tender subject. Being impartial as well as sentimental, Congress also will include married couples in its shower of orange blossoms and rice.

Thrifty and romantic, Congress would cast the income tax collector, of all persons, in the new role of Cupid. Those March 15 notices which have signaled approaching springtime will be more than a gruff warning to "Dig, brother, dig!" If the pending bills become law, a figurative cupid's arrow will be hidden in each of the familiar postage-free envelopes.

As harassed bachelors figure their schedules, the little arrow should awaken the strains of wedding marches and visions of two at now lonesome firesides. Those to whom such happy beginnings are nostalgic memories will realize that married life does have financial compensations.

Marriage might save taxes

CONGRESS proposes to make matrimony financially worthwhile. The income tax law is to be amended as an incentive to take the plunge. Stated in reverse, unmarried individuals will be penalized for continuing in single blessedness. A married couple, whether the earnings are by one or by both, will pay substantially less income tax than an unmarried individual with the same income.

Inequalities in the present income tax collections have forced Congress to adopt the role of marriage broker. The long story goes
(Continued on page 58)



There was an old industry that lived in a shoe

It had so many problems it didn't know what to do.

Then it moved to the Southland . . . to the industrial opportunity-land served by the 8,000-mile Southern Railway System.

And there it is growing and prospering . . . and looking ahead with confidence. Because

it is "sitting pretty" with plenty of elbow room . . . right in the middle of large, expanding markets, abundant raw materials and all the other economic blessings of the amazing, fast-growing South.

Moral: "Look Ahead—Look South!"

Ernest E. Harris
President

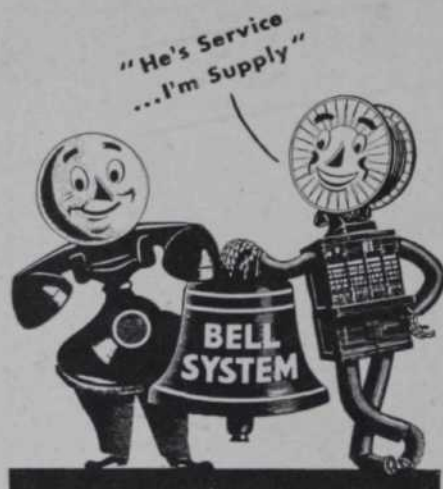


SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

News for YOU about Telephones

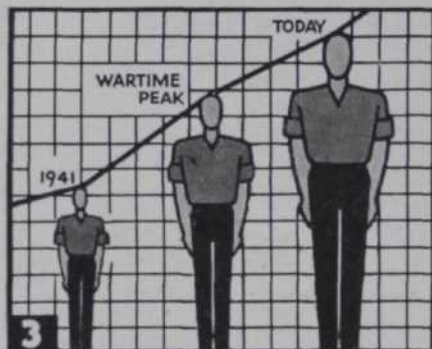
... from Western Electric — supply unit of the Bell System



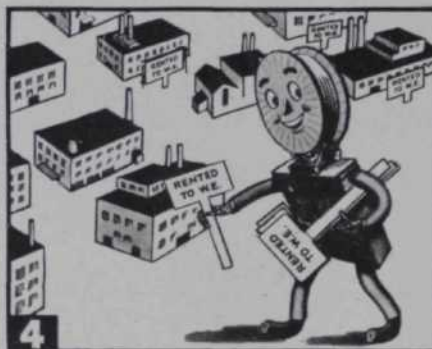
THROUGHOUT WAR Western Electric poured out military communications equipment and radar—could make little civilian telephone equipment. V-J Day found plans set to get back fast to Bell System job.



HUGE JOB AHEAD! At war's end, 2,200,000 people waiting for telephones—central offices and circuits loaded by record use of telephone. Here's how Western Electric converted to biggest peacetime job.



ARMY OF PEOPLE HIRED as the telephone job got rolling. Thousands of others were trained for new work. Over 120,000 on the job today—far above wartime peak of 97,416—nearly double 1941 total of 63,720.



26 FACTORIES RENTED to get space quickly. 19 plants originally rented for war were kept, 7 more leased. Total production space now owned and rented is more than 14,000,000 square feet—or 341 acres.



PRODUCTION LINES MOVED without disrupting work! To boost output fast, many operations moved to new quarters. One telephone shop closed Saturday—re-opened Monday miles away with 3000 people at work.



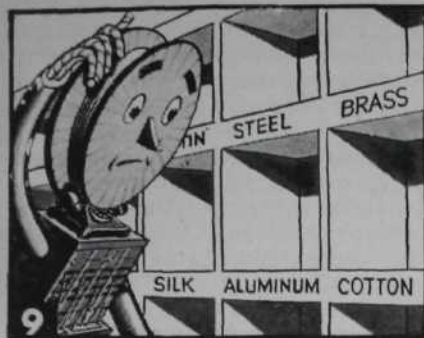
SUB-CONTRACTORS WERE CALLED ON TO HELP. More than 800 made urgently needed tools, parts, component equipment and cable. War surplus telephone materials also were purchased to help meet enormous needs.



THE WHOLE COUNTRY WAS COMBED for hard-to-get tools and machinery to put the manufacturing program into high gear. The success of this search helped make possible production breaking all records.



THE WORLD WAS SEARCHED to overcome shortages of many critical materials needed in great quantities for making telephones, switchboards, cable, to speed Bell Telephone System's huge expansion program.



9 **SUBSTITUTES GALORE** were found for unobtainable materials. In one shop using 1340 different items of raw material, 950 substitutions were made in 9 months—as many as 4 for one item. Production mounted fast!



10 **ENDLESS SLEUTHING FOUND SUPPLIES** for Bell System. 1946 purchases, including raw materials, from 15,000 suppliers, ranged from pencils to telephone poles, precious metals to wood pulp, exceeded \$250,000,000.



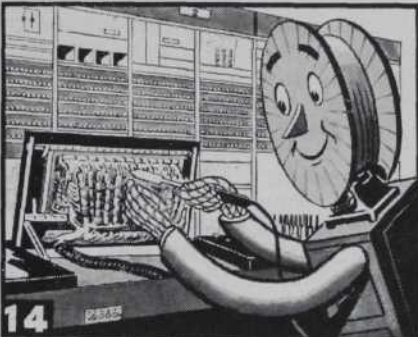
11 **WORKING 'ROUND THE CLOCK** got the most out of plant. In 1946 Western Electric delivered to the Bell Telephone Companies more apparatus, equipment and supplies than in any other year in its 77-year history.



12 **FROM COAST TO COAST**, Western Electric's distributing force rushed to deliver equipment and supplies to the Bell System. Each of 29 distributing houses, across the nation, stocks some 10,000 different items.

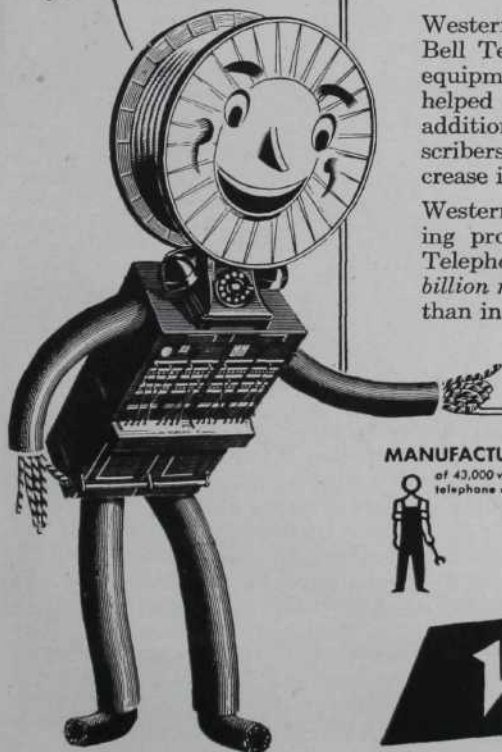


13 **REPAIRING WORN TELEPHONE EQUIPMENT** has long been another job of the 29 distributing houses. The speed with which they put equipment back on its feet helped in meeting record telephone demands—*faster!*



14 **INSTALLING CENTRAL OFFICE SWITCHBOARDS** and equipment in some 1200 localities monthly kept Western Electric's installation crews busy in '46. Thousands trained in this specialized work. Force is now 25,000.

"Here's what it all adds up to"



Results in '46

Western Electric furnished the Bell Telephone Companies with equipment and supplies which helped them provide 3,264,000 additional telephones to subscribers—more than twice the increase in any previous year.

Western Electric's record-breaking production helped the Bell Telephone Companies handle 7 billion more telephone calls in '46 than in any previous year.

Outlook for '47

Western Electric schedules call for far greater production in '47—for such enormous amounts of equipment as:

- Dial exchange equipment to handle, when installed, 2,222,000 additional lines;
- 8410 manual switchboard positions;
- Nearly 4,000,000 telephones;
- Telephone cable of all types containing over 49 billion feet of wire.

This tremendous output in '47 will go a long way to help the Bell Telephone Companies meet the nation's unprecedented demands for telephone service.

MANUFACTURER...

of 43,000 varieties of telephone apparatus.



PURCHASER...

of supplies of all kinds for telephone companies.



DISTRIBUTOR...

of telephone apparatus and supplies.



INSTALLER...

of telephone central office equipment.



Western Electric

A UNIT OF THE BELL  SYSTEM SINCE 1882

back to colonial days but did not become a national concern until income taxes were added to the vexations of life in the United States. When surtaxes became a feature of these collections, Congress, the Treasury Department, the Department of Justice, the Supreme Court and a hundred others became involved. It is now up to Congress to do something.

At present, married couples in nine states—Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Oklahoma, Texas and Washington—pay less taxes than couples with the same incomes do in the other 39 states. Taking a \$10,000 annual income as an example, a married couple in one of the nine states pays \$342, or 16 per cent less tax than couples with the same incomes in other states.

Hawaii and Puerto Rico also allow a discount but the District of Columbia does not. Unmarried citizens don't get a break anywhere. Property laws of the nine states follow old Spanish and Napoleonic codes instead of the common law of England as in other states.

The nine are referred to as "community-property states." The designation means that husband and wife hold equal title to property and income.

Property laws vary widely

THAT is the fundamental principle but property laws vary widely in different states. In Texas, property owned by either before marriage goes into the community pool as soon as the "I do!" is spoken. In others, only property acquired after marriage is community owned. In California, even an oral antenuptial contract dividing property is valid. In other states, if real estate, for instance, which one of the couple owns is sold, the reinvestment becomes community owned. In others, gifts, legacies and such continue individually owned but in Idaho, Louisiana and Texas all income goes into the community pool. Even lawyers do not agree and state courts are overrun with litigation.

One thing on which all agree and which the highest court of the nation has affirmed is that, though the income tax may be paid by a single check, a husband and wife in the nine states can compute taxes separately on everything acquired by "the toil, talents or productive faculties" of either or both.

So long as income taxes were a straight percentage that made no difference in what the indi-

vidual paid or what the Treasury collected. When surtaxes were added, the difference became big for all concerned. Surtax rates increase in pace with increasing income. Obviously if income is divided into two equal parts, it will not reach the same high surtax rates as if it were not divided.

In a noncommunity state, for example, the federal income tax on \$10,000 net income—after deductions for charities, interest on debts, medical expenses, taxes and losses, but before deducting the

the same undivided return from each family in the community-property states as elsewhere. The Supreme Court decided that, although the husband could do most of the talking, the property was actually owned 50-50 and income taxes should be so computed.

At the same time, the Treasury's efforts to induce Congress to halt the diminishing returns were denounced as actually sinful. The proposal was that joint returns be mandatory for all married couples. Congress, its acute sense of moral-



In these nine states a married couple gets a break in taxes

two \$500 exemptions for husband and wife—is \$2,185. This consists of the normal tax of \$256.50, and \$1,928.50 surtax. In a community state, the \$10,000 net income is divided into two \$5,000 net incomes for figuring taxes. On \$5,000, the normal tax is \$128.25, with \$793.25 surtax or a total of \$921.50. For both husband and wife, this totals \$1,843, or a saving of \$342.

The Treasury Department was pained and grieved at such arithmetic. Its first move was to demand

ity stimulated by members with constituents in community-property states, was warned further that depriving citizens of the savings in income tax by splitting returns would discourage wedlock, wreck once happy homes on the rocks of divorce, reduce womanhood to slavery and populate God-fearing states with a generation of bar-sinister children. Aghast at the unsuspected wickedness of its proposal, the Treasury retired.

Congress may have been more

impressed by the filibustering abilities of the representatives of community-property states than by their moralizings on sin and the rights of woman. One cynic says the divorce rate in the nine states where income taxes bless matrimony is double the rate for the country as a whole. Internal revenue figures also show that the per capita income tax payment is higher and the marriage rate lower in community Washington than in non-community Oregon. Nor does a comparison of California and New York support a sentimental Congress. Climate, customs and local laws may have more influence than taxes on romance.

Since Congress and Court turned thumbs down on this effort, taxpayers in the nine states have rested easy. Rep. Albert L. Reeves, Jr., of Missouri, who has introduced one of the dozen tax equalization bills now pending, says they are roughly one sixth of the taxpayers in the United States and are liable for a proportionate share of all income taxes.

Naturally, the other five sixths of the taxpayers in the other 39 states are not satisfied and demand the same markdown. Nor are the fiscal officers who must meet annual budgets in the 39 states satisfied. While not heartbroken over the higher income taxes which their fellow citizens are paying to the federal Government, they are alarmed at the flight of capital from their states to community-property states.

The promise of reduced federal

income taxes in another state is a standing invitation to pack up and move. Texas and Washington also are among the 16 states without a state income tax. Once the taxpayer has succumbed to the lure, it usually follows that the family moves its other taxable assets out of the state it has deserted. The Supreme Court has ruled that the place of domicile determines how federal taxes shall be paid.

Domiciled to save taxes

WITH the highest authority in the land pointing the way, citizens know one thing they can do about taxes. They can reduce federal income taxes by moving to one of the family tax Utopias. If they never found time to think of marriage while piling up income until taxes became a burden, that oversight can be remedied. If that is already settled, only a demit from the local lodge or church is needed to become residents in a new locality.

The idea is particularly attractive to the oldtimer who is ready to retire after a lifetime of none too successful efforts to outthink tax collectors. Picking out one of the nine states where climate and surroundings are congenial is easy. Once domicile has been established, he is not obliged to stay there. He can travel, even flit back to the old home town, and pontificate on all occasions: "The good lady and I are paying for this trip by what we save on income taxes by living in a community-property state."

Nor are the cut-rates limited to those who have reached the age of soliloquy and roses. Almost anybody who does not punch a daily timeclock can get them. In fact, once domicile is established and buttressed by voting qualifications and possibly a bank account, real estate or other anchorage, a couple can remain away for years and continue to enjoy the benefit of reduced taxes.

For the actor, radio crooner, writer, traveling salesman, explorer or any other who can work wherever he hangs his hat, it is a pushover. All he need do is establish domicile in a community-property state. He pays income taxes from his domicile and is as free as a bird on the wing.

However, more than a polite note giving a change of address is needed to satisfy the Treasury Department. The borderline cases are many and confusing.

The court held that a couple, who lived in their Connecticut home each summer and only in hotels and apartments in New Orleans but had a local charge account and paid Louisiana state income taxes, could split their federal income tax return. A baseball player who called Texas home and expected to return but tarried awhile with a second wife in another state did not get the same privilege. Another Texan who kept his Dallas bank account and real estate did not lose his domicile. A good-natured husband who lived in Chicago to please his wife was able to satisfy

(Continued on page 71)



His domicile is where the income tax is lower, and he's as free as a bird on the wing

Man's Cupidity

BIG-TIME gamblers keep no books, and bet that the customer is wrong. But in dollar volume they rival America's largest industries



Wagering on horse races is now authorized in 24 of our states

RECIPE for getting rich: Get fired from a bread wagon or a milk wagon. Get what the smart boys call wise. Go into the gambling industry. It's the only sure-fire business in the world. Practically depression proof. Play against the public and you can't lose. You don't need capital. Chumps provide it.

After a time you won't even have to be dishonest.

Most of the really big-time gamblers run square games. Nothing is against the customer but the percentage. Credit is given only to such superspecialists as Nick the Greek, the King of Craps, or to men with money in the bank and high regard for their promises. One morning the Greek picked up the markers for \$70,000 he'd lost the night before. A California industrialist stripped his mourning wife of approximately half a pound of diamonds:

"This is security for you," he told the boss gambler. "I owe you \$50,000. It will take me a day or two to convert. . . ."

"At your convenience," said the gentleman who owned the business. "Let's not worry. And I couldn't think of taking Madame's gems. If she will permit me?"

So he pinned them back on the lady and made two friends and admirers and drilled into one more



To avoid banks, big gamblers take care of their own dough

well of ready money. It's not surprising that gambling is one of our largest industries when its head men are willing to make gestures like that.

If all the facts were known, even U. S. Steel would be shown up as a piker. But all the facts aren't known. Al Capone's error taught the big gamblers a thing or two. He didn't spend 11 years in jail for operating his crime cartel in Chicago, but for keeping books. Elmer Irey and his



In no other form of gambling does the betting run so high per pound as in cockfighting

is Their Best Salesman

By JOHN CARLYLE

men from the Treasury got him for skipping his income taxes.

Nowadays the big gamblers avoid even bank accounts as much as possible. A friend of the boss walked into the back room of a gambling store and saw a large clothes basket three-fourths filled with folding money. Two young women were busily packaging it. There was not a scrap of stationery in sight. The boss said that he neither wrote nor received letters, bills, memoranda or reports. He was keeping his business clean.

But some generalizations are safe.

Honest gambling may be an illegal business but it is not immoral. Nothing is said against it in the Decalogue. Plenty of Old Testament characters "cast lots." Only in the United States and Great Britain is gambling banned.

In both countries, however, those who want to bet can pile up their wagers higher than the Washington Monument.

In the United States the rigidity of our principles has been so far abated that 24 states permit, watch over and share in gambling on the horse races.

Dog racing is permitted on the same basis. England stands foursquare with us in these matters, although a state's cut is taken under different labels.

Few persons speak nowadays of the importance of racing in improving the qualities of both race horse and greyhound.

The necessity for that hypocrisy has passed.

Cockfighting might be included in this same general category. The chickens are not even improved any more. They just fight. In no

other form of gambling does the betting run so high per avoirdupois pound. A four-pound cock often carries \$20,000 on his back.

An insight into the gambling industry's shady side may be found in these remarks of the late William J. Burns, master detective:

"If I were in business—any business except my own—I'd never object if one of my men went to the

Slot machines always come in for big play



Nevada's famed gambling industry ranks next to its gold and silver mining



races. Every man is entitled to a little fresh air. If he went to the races too often, I'd worry about him. If he read racing forms, I'd call in a certified public accountant."

Burns had been a detective ever since as a small boy he learned to tail fun-loving cashiers in Columbus, Ohio. In all his experience he never heard of a defalcation that was not somewhere tarred with the gambling brush.

Though not primarily interested in gambling, the FBI subscribes to the Burns' theory. If one of the malefactors on whom it puts The Arm gambles his money, he is breaking no federal law. But local agents of the Bureau probably know most all the gambling spots in their districts, in the certainty that sooner or later the men they are after will come in for a play.

Not long ago a Baltimore mob cracked a bank for some thousands of dollars:

"They have too much money to bother with the Baltimore games,"

Small wonder that the gambling business is one of the great industries.

It not only takes in the honest sucker money but the dishonest sucker money as well.

Gambling as a "business"

ONLY those phases of gambling which are being conducted as a business are being considered here. They have more or less considerable investments in real estate and other property, they employ thousands of men constantly and if not all are legalized by statute they are to a varying extent recognized by the agents of the law. The untold thousands of clubs and circles and small establishments in which bridge and poker and other card games are played are not being considered.

"I think every small town has some place where the boys can get together and play a little poker," said the head of one city's anti-gambling squad. "If you're a

the amateur sort, and as much on baseball and golf.

Pugilism is probably honest in the higher levels—it would not pay a champion to sell out. Not long ago one of the foremost fighters of less than top grade told authorities he had been offered \$100,000 to "go in the tank"—in common language, to throw a fight. Only the name of the fighter shocked the customers.

No investment needed

MOST big-time gamblers began with nothing at all. No rich men backed them. Reference may be made here to the opening thought of this article:

If you want to get rich, get fired from a bread wagon or a milk wagon. Then gamble against the public. You can't lose.

The dean of gamblers in Washington, D. C., is Sam Beard. He described himself at the May-Garrison inquiry as a gambler. On one occasion he peeled \$36,000 off his roll to cash a check. That left \$44,000 in his pocket.

Once when his place was raided the police found 96 telephones busily ringing. In the two hours during which they held the fort, they accepted 750 bets. Most were for ten dollars or more.

Life began for Beard when he lost his job driving a bread wagon in Washington.

Then there was a gent named Ragen who died in a Chicago hospital not long ago. He had been shot by mobsters who were envious of his flourishing business of providing racing news. He left safe deposit boxes packed with securities. His racing news business was easily worth a million dollars.

By a strange coincidence, Ragen went into the business when he lost his job driving a milk wagon—in Washington.

These facts are offered only as evidence that it is easy to build up other peoples' money into a condition of extreme solvency.

There are approximately 450 horse and dog tracks in the United States. They range from the huge million dollar plants—Belmont, Hialeah, Churchill Downs and the like—to the sagebrush loops and the dog tracks.

If all the C. P. A.'s were put to work, they might figure out how many million persons watched the 15,000 races run during the 1,717 racing days credited to the 18 states for which 1945 betting figures are available.

In the 18 states a total of \$1,306,514,314 was bet through the pari-



When an employee becomes preoccupied with the study of racing forms, it's time for the employer to take care

was the FBI's judgment. "They'll head for New York."

They did and were picked up before they had lost quite all of their loot. The rule almost never fails. The original thief may never have played any more desperate game than gin rummy, but crooks nose out defaulters as beagle hounds do rabbits. When they find a cashier who is on the wrong side he is blackmailed. The more he steals for them, the higher they bet.

stranger in town slip the bellboy two dollars. He'll know."

The gambling industry falls into five main categories: racing, both horse and dog; house gambling such as craps and roulette; the numbers racket; slot machines; and lottery operations.

No one can even guess at the sums bet on such "public" games as football, baseball, and golf. An accepted estimate is a billion dollars on pro football, as much more on



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Between CHICAGO and ST. PAUL-MINNEAPOLIS—along the Scenic Upper Mississippi River Route... "Where Nature Smiles 300 Miles"

THEY'LL SOON BE HERE—the new TWIN ZEPHYRS, diesel-powered, built of stainless steel, and offering that most dramatic travel innovation, the *Vista-Dome*. Imagine the thrill of riding in an air-conditioned "pent-house on wheels" with an unobstructed view as you glide along the enchanting Mississippi River!

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Each train also will have a *Vista-Dome* parlor-observation car with accommodations for 31 "below" and 24 "above." There is a colorful diner and a smart club-lounge on each train, too.

In spaciousness, convenience and luxurious comfort, the new TWIN ZEPHYRS will surpass even the present TWIN ZEPHYRS which they will replace in twice-daily service between Chicago and St. Paul-Minneapolis. From "stem to stern" they are the last word in post-war train design—the ultimate in modern convenience

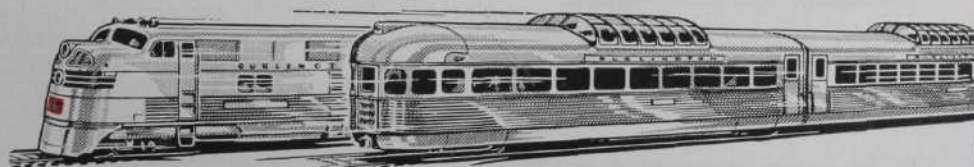
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mutuels. These states drew \$65,-484,121 as their share. At least 10,-000,000 persons bet five or ten times as much in the other states through the horse parlors. No one knows how many there are. By some queer kink of conscience, they are criminal enterprises, although the betting is on the result of races run on tracks that are as legal as matrimony.

To make a report on the magnitude of the gambling industry complete, figures should be given of the number of persons who by train or automobile visited the 450 tracks, how many hot dogs they ate and how many of them lost money. At least 19,000,000 paid their way in, in the 18 states, but no one can even guess at the race-goers in the other states.

House gambling is big money

THE illegitimate branches of the business take in as a whole a great deal more than does the horse pre-occupation. Almost any one of them could, if it would, report a larger take than the legitimate tracks. Most of us who still play euchre look on house gambling, for example, as surreptitious enterprises conducted by thugs in hidden alleys. Many gambling houses are just that and worse. But the big places have reduced Monte Carlo to popcorn significance. Monte Carlo at the outset had the advantage of E. Phillips Oppenheim, the Mediterranean and evening dresses cut in a most disturbing way, with dukes and princes sitting for company. The croupier ejaculated "uncle" when his table had lost the equivalent of \$30,000.

That would be a round of drinks in any one of scores of gambling houses in the United States. The late Col. E. R. Bradley never did turn the box in his Florida club, although more than once he took losses of more than \$500,000 in a single night's play. If he felt a passing twinge his consolation was that the percentage would bring it all back. But the percentage is on each play and not for the season or even the evening. Bradley often said that no man who ran a big game could afford to be dishonest:

"In the long run the honest game will get all the money, anyhow."

Nevada is one of our least populated states. In it the gambling industry is second only to gold and silver mining. The two small cities of Reno and Las Vegas are grouped around their neon-lighted gambling houses and the report is that any one of them can stand a loss of \$200,000 before sending home

OFFICES IN MORE THAN 300 CITIES OF THE UNITED STATES AND CANADA

for the tea caddy. The annual profit of Nevada's 700 licensed gambling houses has been estimated at \$20,000,000 on which a one per cent tax is paid.

Police authorities have stated that the total take in the uncounted gambling houses may not be as much as in the numbers racket. That is pure guess. About all that is known about the numbers is that it covers the country like a blanket. Bets are taken for as little as one cent and the payoff on a single bet runs from 400 to one up to 800 to one and they come often enough, or are so well advertised that the little people put in their nickels and dimes every day of their lives. Not long ago a numbers counting house was raided in the city of Washington.

"We found 14 women at work with adding machines," said the police captain who raided it. "The floor was so stacked up with sacks containing the slips that we could hardly push our way through."

Last of all of the big money specialties of the gambling industry is the slot machine racket. About 80,000 places pay the \$100 federal tax on slot machines, but no one even suggests that this covers the field. Double or triple that number and you might not be far wrong. Few places are content with only one machine. There are scores in some, many of them elaborate.

Help for club finances

A BUSINESS man who knows his way about told a club in California which was \$300,000 in debt:

"Put in a couple of slot machines."

In two years the \$300,000 debt was paid in full.

And as a tail-piece the lottery business may be looked at. As long as they continue to be purely local or state enterprises the FBI pays no attention to them. When their operations cross state lines the federal law works. In one case—just to establish the rule that no money is needed to get into the gambling business and that the public always pays:

A man in an eastern state lost his political job as a deputy sheriff. He went into business and lost all his money. He could not hold a job. So he fixed it up with a printer and opened a lottery. When he quit business to live in plush retirement on his \$1,000,000 estate, his only uncertainties were arteriosclerosis and some slight wife trouble.

"And," said the agent who told the story, "he still could not balance his checkbook."



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Chamber of Commerce of the
United States of America
WASHINGTON 6 • DC



Our New Crop of Farm Problems

(Continued from page 49)

ment of an educational program on nutrition.

Some even go further and declare that an increasing efficiency in use of food, resulting from advances in knowledge of nutrition, is likely to reduce, rather than increase, the demand for food.

Still others, agreeing that it may be a long time before employment and wages will enable all consumers to buy high quality foods, suggest that the Government set up a program designed to enable the low-income groups to obtain such diets.

In other words, they would have the Government subsidize consumption. Those favoring this approach argue that government subsidies will be needed if the nation adopts a policy of stabilizing farm income through production and marketing control measures. The subsidies would be paid farmers for producing less. Wouldn't it be much better, they ask, to use the subsidies to promote greater consumption? The nation would get two things for its money—a healthier citizenry and a prosperous agriculture—they declare.

It is suggested that consumption be subsidized by means of government-financed school lunch programs and by grants of purchasing power to families with inadequate incomes.

Some would re-establish the experimental food stamp program employed in the late '30's as a mechanism for disposing of farm surpluses. Under this program, families below certain income

levels could obtain free stamps from the Government which could be used to buy foods at regular grocery stores.

It has been estimated that a nation-wide school lunch program covering three fourths of the children of school age would cost the Government \$650,000,000 a year at 1943 prices.

The cost of a food stamp program would depend on the level of the national income, and the distribution of that income among individual consumers but, by some estimates—if a "limping" economy of \$105,000,000,000 annual income level should develop—providing food stamps to families receiving less than \$1,000 per year income would cost at least \$1,500,000,000 a year.

Foreign dumping suggested

OTHER agricultural authorities argue that subsidized domestic consumption would not assure an adequate market and income for all the products an unrestricted agriculture would produce. They hold the secret to be export markets expanded above prewar levels. Some advocate government purchase of farm surpluses and resale abroad at reduced prices. Such a plan would be, in effect, American subsidization of foreign consumers. Others suggest a two-price system. Farmers would get one price for their allotted share of the domestic market, and another, lower, price for quantities they produced in excess of allotments.

The idea of subsidizing con-

sumers by means of school lunch and food stamp or coupon programs has opponents who argue that the school lunch program is an expression of a paternalistic social attitude that threatens to deprive Americans of self-reliance and individual responsibility.

Some fear that, once the schools, an instrumentality of the state, take over the feeding of children, moves will follow to have them take over the responsibility of clothing and possibly housing them. Thus they see the lunch program as the beginning of a course of action that may lead to some form of totalitarianism in which the state takes responsibility for the care of children and thus gains authority over their lives.

Some critics call the food stamp plan "un-American." They say it tends to divide the people into two groups—paupers and self-supporters. Use of stamps in purchase of food, they say, tends to stigmatize the user in the eyes of fellow shoppers who use currency.

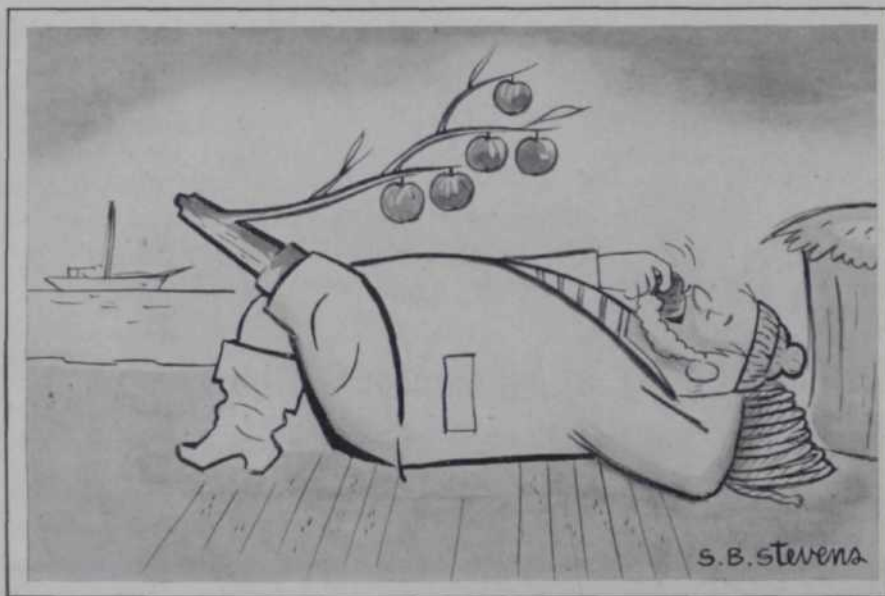
Subsidies for abundance?

SOME would get around this difficulty by subsidizing farmers to produce abundantly. That is, they would do away with all government measures for supporting farm prices. If farmers produced a surplus, prices would be permitted to drop to levels dictated by supply and demand. Consumers would get food cheaper than under a system of price supports. Hence, low-income consumers would be able to buy more and surpluses would tend to move into consumption rather than to accumulate in the Government's hands or go to waste for want of a market.

Under this plan, farmers would receive what advocates call "compensatory payments" from the Government. The payments would be equivalent to the difference between the price the farmer received at the market place and a return deemed necessary to assure him adequate compensation.

For example, suppose that a surplus of eggs is produced, and the price drops to 25 cents a dozen while the Government says 35 cents is necessary to provide the producer an adequate return. The Government would make up the ten-cent deficit to the producer. Under the food stamp plan, the Government would hold the price at 35 cents, but would give the ten cents to the low-income consumer.

This plan would cost the Government much more than the stamp program, because, since all



consumers would pay reduced prices, compensatory payments would have to be made on the entire production.

But such farm organizations as the National Grange and the Farm Bureau Federation criticize the compensatory payment plan. They claim farmers do not want subsidies, but a fair market price. They argue that farmers should not have to depend on government subsidies any more than business men or laboring men.

Other solutions offered

SO much for the various proposals based on restricted and abundant production.

Some say the nation should call a "holiday" on scientific and technological research on farm production until distribution and consumption catch up with productive capacity.

Other agricultural authorities believe the danger of a farm depression could be removed by shifting inefficient farmers to other economic pursuits. They point out that 50 per cent of the nation's farms produce about 90 per cent of agriculture's output.

As for the farmers themselves, they, too, have varying opinions. The Agriculture Department's postwar poll on farmer-thinking showed that opinion on government "production planning" varies widely. Nearly three fifths of the farmers interviewed in the mid-western corn belt thought they should be permitted to produce what they please, while a "considerable minority" favored government controls. In the southeast, where cotton has long been a surplus problem, nearly 70 per cent favored controls, while in California's central valley opinion was about evenly divided.

"Broadly speaking," the Department said, "farmers' attitudes toward crop control are rather closely related to their estimate of their own security." Somewhat similar evidence was supplied by a recent report of the National Planning Association. The report, prepared by a committee of outstanding farm leaders and agricultural economists, raised the question of whether farmers could afford to produce abundantly.

It said farmers preferred to produce bountifully, but added that they were not likely to give up control measures without assurances that industry and labor would cooperate to maintain abundant industrial production and a high level of city income.

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New Leaders of the Chamber



HARRIS & EWING
Powell C. Groner

HERE are the two new vice presidents of the Chamber of Commerce of the United States and the seven men who were recently elected for the first time to the Chamber's Board of Directors



CHASE-STATLER
Herman W. Steinkraus



GREYSTONE-STOLLER
Harry A. Bullis



FABIAN BACHRACH
Russell C. Harrington



WOLFE
Joseph F. Matthai



BODIE
Dean H. Mitchell



HARRIS & EWING
Edgar Morris



Harlan I. Peyton



SHELBOURN
Harold F. Sheets

IN addition to Earl O. Shreve, the new president of the Chamber of Commerce of the United States—his story appears on page 39 of this issue—nine other business leaders have been newly elected to positions of prominence in the National Chamber: two as vice presidents, seven as directors.

The new vice presidents, elected at the Chamber's 35th Annual Meeting in Washington, D. C., re-

cently are: Herman W. Steinkraus, president and chairman of the board of the Bridgeport Brass Co., Bridgeport, Conn.; and Powell C. Groner, president of the Kansas City Public Service Co., Kansas City, Mo. Mr. Steinkraus has been a member of the Chamber's Board of Directors since 1944, and Mr. Groner since 1943.

The new directors, chosen in advance of the annual meeting by

mail vote to serve two-year terms are:

First Election District—Russell C. Harrington, a director and past president of the Providence, R. I., Chamber of Commerce, and resident partner of Ernst & Ernst.

Third Election District—Edgar Morris, president and treasurer of the Edgar Morris Sales Co., Washington, D. C., a director of the

(Continued on page 85)

"We know for sure—

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says Virgil M. Smith

SUPT. OF EQUIPMENT

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No wonder that, year after year for over twenty years, Ford Trucks have far outnumbered any other make . . . just as they do today! The demand for new Ford Trucks is greater today than ever before! Have you ordered yours? More than 100 different chassis-body combinations in the Ford Line . . . and a world of special equipment is available. See your Ford Dealer!

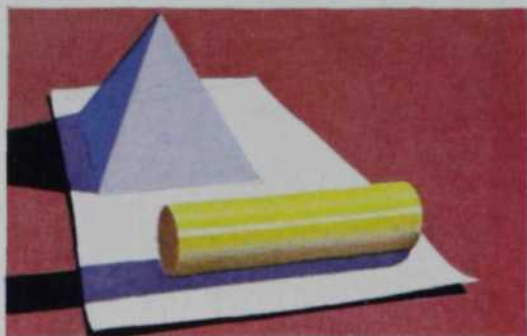


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- ☐ Common fault in halftone mounting blocks



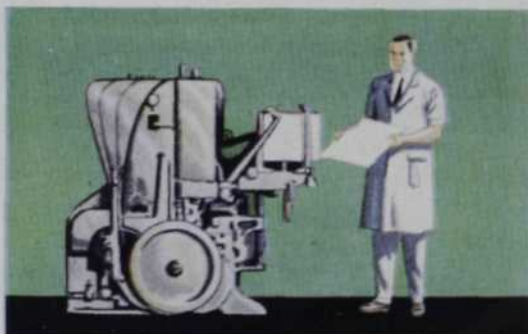
2. Ben Day Process

- ☐ Electroplating process
- ☐ Way of producing screen effect in line engraving
- ☐ Method for machine-coating paper



3. Luminance

- ☐ Surface brightness in paper
- ☐ Ornamentation of a type page
- ☐ Ability of paper to block light



4. Letterpress Printing

- ☐ Mimeographing of form letters
- ☐ Printing from rubber rolls
- ☐ Printing direct from raised surface plates

ANSWERS

1 Compressibility is the percentage decrease in paper thickness under a specified load — an important factor in printing. Due to the quantity and quality of fiber used, compressibility is a pronounced feature in Levelcoat*.

2 Ben Day Process is a way of producing a screen effect in a line engraving. For this simple, graphic arts technique — as well as for the most complex — Levelcoat printing papers provide fine reproduction with unvarying fidelity.

3 Luminance is surface brightness in paper as measured under laboratory conditions. Laboratory tests of new 1947 Trufect* reveal a smoother, whiter surface. And there is unusual brightness in this top-grade Levelcoat printing paper.

4 Letterpress Printing is the method of printing direct from raised surface plates. For dependable printing in large quantity, specify new 1947 Kimfect* — a grade of Levelcoat which offers outstanding quality for volume printing.

Levelcoat*

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1872 — SEVENTY-FIVE YEARS OF FINE PAPER MAKING — 1947

Share Bed, Board and Taxes

(Continued from page 59)

the court that his real residence was in Arizona. Another who played solitaire in New Orleans while his wife visited permanently in other states also received a sympathetic nod from the judge.

A foreign actor in Hollywood who sent half his income to his wife abroad did not do so well. The court said he was not domiciled in California. A Californian who lived and voted in New York for eight years continued a Californian, while a New Yorker who represented a Manhattan firm in California for six years ceased to be a New Yorker. In general, the decisions have been that earnings in a community-property state cannot be split if the couple is domiciled in a common law state, but earnings in any state can be divided if the couple is domiciled in a community-property state.

There is not much that the couple in a common law state, or the state itself, can do to get these cut rate taxes. A family can divide its assets to a certain extent and a state can legislate itself into a community-property basis. To many, the latter is as painful as cutting off a man's head to relieve a toothache.

Dividing the income tax

WHERE state laws do not make the division automatically, the favorite property devices for dividing income between members of a family are: creating family trusts, assigning income to particular members, gifts of income-producing securities or other property and family partnerships.

Courts have been more sympathetic to laments of Treasury Department lawyers that "Uncle" was losing money than to the arguments of tax lawyers. Aside from dividing ownership of income-producing property, individual efforts to reduce taxes in non-community states have not been an unqualified success. Tax inspired family partnerships have been squelched and no legal brain has been able to figure how an individually earned income of a husband or wife can be split with sufficient plausibility to foil a tax collector.

Consequently it has been up to each state to squirm out of the predicament. A state has the right to pass its own property laws. It can become a community-property state, and that is the only way a

state can reduce its citizens' federal income taxes. Oklahoma, where ownership of an oil well does not require the same daily chores around the barn as feeding livestock, discovered that prosperous citizens were moving to Texas. Oregon also decided that too many of its sons were moving into Washington.

Both states joined the community-property group. Oklahoma made two tries at the high dive and the Treasury Department, facing an annual \$15,000,000 to \$25,000,000 reduction in income tax collections, sued. The Supreme Court in 1945 decided that Oklahoma was within its rights. Oregon, either alarmed at the furor which had started or, deciding that the cure was worse than the pain, repealed its law the same year.

Effect of property laws

A RADICAL change in property laws by a state is not to be taken lightly. It changes not only the state's financial setup but the legal status of both the living and dead.

Individual and family property rights are upset. The status of creditors and established commercial practices are affected. Legal procedures in such family relationships as probate of estates, inheritance, divorce, transfer of property and many others must be changed. Ownership and earnings are entirely different from what they are in other states.

A familiar story in Seattle is of the romantic miner who arrived from Alaska with a sack full of gold. As night descended, he started to celebrate. At the stage where the world throbbed in a golden glow, he noticed that a girl was in the merry party. His newly found friends roused a justice of the peace and sealed the romance in wedlock.

Even a miner becomes drowsy after such solemn functions and his footsteps were guided to a hotel. By that time he had decided, or was convinced by the hometown boosters, that his future was linked to the city which offered so much to a new arrival. Instead of renting a room, he bought the hotel.

As the haze cleared on later days, dimly remembered friends convinced him that he had acquired both a wife and a hotel. He might use a hotel but like all prospectors could do his own cooking. Divorce was a clean amputation. The hotel

was more difficult. Having been acquired after the wedding, it was community property. Taking Solomon's ancient threat to split the baby as a precedent, the court ordered a wall built through the center of the hotel and the ownership divided. It became Seattle's chief exhibit of how an evening in a community-property state can be profitable for a lonesome girl.

Wife has right to funds

ANOTHER community-property saga with a moral bolsters the Supreme Court's solemn opinion that a husband's right of property management does not give him ownership of the wife's half. This gay blade was splurging in a love nest with the usual accompaniments of night clubs, convertible coupé, jewelry and mink coat for the fair charmer. All was financed from his own salary but the wife suspected that the joint bank account was languishing. The court ruled that such extracurricular activities could not be financed in a community-property state from family funds even if the husband were the sole contributor to those funds. The girl friend was ordered to kick back half her plumage.

Reducing income taxes has become a national hobby, and Oregon threatens another try at community-property law. So do Colorado, Illinois, Kansas, Nebraska, South Dakota, Wyoming and other states whose legislatures are in session. Millions are involved for such big income-producing districts as New York, Illinois, Pennsylvania and Massachusetts. For the present, however, state legislatures are inclined to mark time until Congress has an opportunity to amend the federal income tax law.

Congress alone has the power to do that. Also, it alone can change the method of figuring taxes without changing the ownership of the property which is taxed. The only way a state can get the same tax result is to pass a property law first. Congress can tune up on "Here comes the bride" and not go into percentages on the dowry.

The sentimental gesture by Congress means an annual reduction of between \$900,000,000 and \$1,000,000,000, or more than 12 per cent, in federal individual income tax revenue. The Treasury Department is not enthusiastic over being drafted as the "Billion Dollar Cupid" but does agree that tax discrimination between geographical sections is indefensible.

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MEETS INDUSTRY HALF WAY

ent income tax, as computed by Stanley S. Surrey, tax legislative counsel of the Treasury Department, should be:

Income before exemptions	—Tax Cash—	Saving—Per Cent—
\$ 5,000	\$ 38	4.8
6,000	68	7.3
10,000	342	15.7
15,000	893	22.1
25,000	2,622	28.9
50,000	6,070	24.5
100,000	12,854	20.4

These are the present savings for residents of the nine community-property states. As elucidated by Irving Perimeter of the Bureau of Internal Revenue, Congress would give residents of the other states and of the District of Columbia the same tax reductions without the community-property obligations. The obligations would continue in the nine states.

Celibates pay more

AS bachelors and spinsters will not share in the benefits, their proportion of the national tax burden will be heavier. That also applies to divorcees, widows and widowers. A modest \$38 may not be a strong inducement to set up housekeeping, but saving \$2,500 for four years is more than one year's taxes on a \$25,000 income.

Nor will those who live alone be the only ones with increased tax burdens when inequalities between the states are removed. Savings for those with net incomes under \$5,000 a year will be trivial while there will be absolutely no saving for couples with incomes under \$3,400.

No other bills before either Senate or House have such non-partisan appeal and no others are so close to the hearts and pocket-books of individual congressmen. The personal stake of 78 senators and 362 representatives—all from non-community property states—totals around \$300,000 a year.

When he spoke on his bill, Rep. Reeves informed the House that each of the 73 representatives from the nine community-property states pays \$2,213.50 income tax on his \$12,500 salary. At the same time, each of the 362 representatives from the other 39 states is paying a \$2,869 tax on a \$12,500 salary.

When that many congressmen can save \$655.50 a year by giving his constituents and the home state an even break on taxes and by fostering the sacred institution of family life, no lobby should be needed to push the legislation.

The Chamber's New President

(Continued from page 39)

Irish freight conductor after the Shreve tardiness in recording a train order almost ran him into a corn-field meet. Perhaps because he had no hope of equaling such experts, the Shreve conversation today makes little use of the sulphuric idiom.

Shortly after this incident, though not because of it, electricity won out over railroading and he returned to Marshalltown, Iowa, as assistant to an electrical contractor.

After a year of this, he entered Iowa State College at Ames, to be graduated in 1904 with a B.S. in electrical engineering. Because he had not led his class, he was eligible for the test course for student engineers conducted by the General Electric Co. which was even then scouting the colleges for likely employees.

In those virile days, however, the valedictorian of the class was generally regarded as a hopeless grind who knew nothing except what was written in books and was, therefore, of little use to himself or to industry.

Training for a selling job

EMPLOYMENT by General Electric brought two years of training and practice in Lynn, Mass., and Schenectady, after which the new employe was considered qualified for a salesman's job on the West Coast.

The new salesman reached San Francisco in 1906 while the smoke was still rising from the historic earthquake and fire. He was straightway put to digging postholes for a fence around a new warehouse that the company was trying to build above the rubble. It was something of a letdown then, but he remembers it pleasantly now.

The crew lived healthily in tents and the Shreve physique was more than adequate for the manual labor. Although he had gone out for sports late, he had played baseball and football. He had been captain and fullback of his college second team

when fullbacks needed a shock of hair, a pair of shoulders and a bithe disdain for broken bones. He still has the shoulders and the hair.

The holes dug, the new salesman started covering his territory—an ambitious expanse which required three months of traveling for a single swing. In parts of it the stagecoach was the most modern form of transportation and almost everywhere the Welsbach gas mantle was the standard of elegance in illumination. But the new salesman guarded his carbon filament bulbs against the hazards of transportation and sold enough of them and their accoutrements to earn a promotion to Reno, as resident agent in Nevada.

In a pioneer town

NEVADA was lively with the rowdy excitement of a gold rush spiked with labor trouble. Men were gouging out high grade and throwing away lesser ores that might have kept the mines operating profitably for years.

The town of Goldfield grew from 1,000 to a roaring 18,000 and rival labor factions planted dynamite in each other's stoves with stimulating results. Although the life expectancy of the wayfarer who risked the streets after dark was negligible, men were setting up dynamos, and selling the current. For two years, Mr. Shreve sold re-

placement parts for the dynamos and equipment to use the current they made.

In 1908 he returned to Massachusetts to marry Miss Annabelle Thomson whom he had met in 1905 while taking a General Electric commercial course at Lynn. Straightway he took her about as far from home as a bride could go and remain on native soil. He had been assigned to San Francisco again. That was to be the Shreve home for almost 20 years while he piled up sales and mileage as turbine specialist, apparatus salesman, manager of apparatus sales, assistant manager and finally manager of the G. E. office in San Francisco.

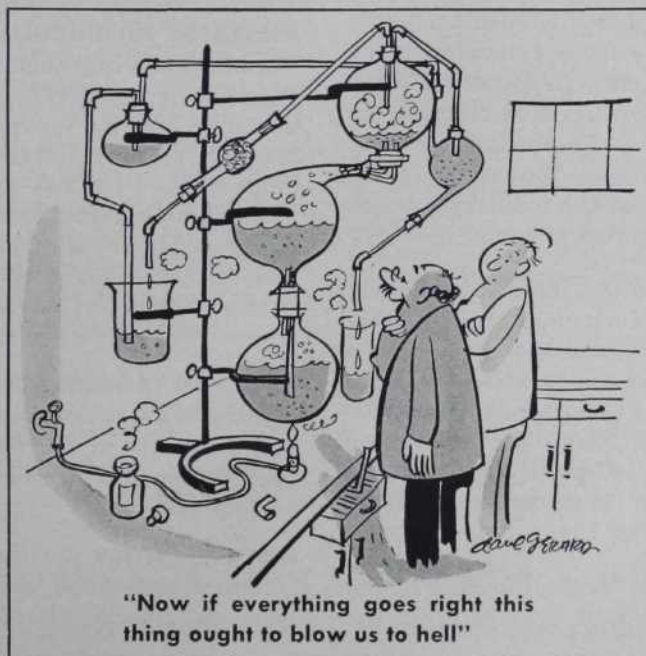
Broader electric market

ALWAYS there seemed to be more to sell and more people to sell it to. "Industrial controls," originally four or five rheostats of various capacities, grew into an arsenal of complicated, almost human, devices; the brass key socket which hung from a naked cord was joined by well-dressed brackets and hanging fixtures which answered the bidding of wall switches; electric stoves and washing machines went into homes along with electric fans and electric irons.

Also the industry discovered beauty—or the women discovered it for them by refusing to buy an electric iron which was as efficient as any iron needed to be but looked, in feminine opinion, like a piece of scrap metal.

In 1926, when the Shreves came east again, a daughter and two sons made the trip, too. Mr. Shreve took over as manager of the G. E. Industrial Department in Schenectady. Three years later he was assistant vice president, on the staff of the vice president in charge of sales. In 1934 he became vice president in charge of sales.

Still quite at home in a Pullman berth, he found time at home to promote the activities of the Schenectady Boy Scouts, thus exercising an interest in boys that today finds outlet as a member of the Boys' Work Committee of the Rotary Club of New York, executive member of Junior Achievement, Inc., and national representative of the Sche-



Standard Oil Company

Some highlights from the Annual Report for 1946, which has just been issued

The conduct of business and the welfare of people in general are closely related here in the United States. That is why we publish the following summary of this company's annual report to its 164,000 stockholders. Put as briefly as possible, here are the year's developments in our work which are of the broadest public interest.

Eugene Holman

EUGENE HOLMAN
PRESIDENT

Frank W. Abrams

FRANK W. ABRAMS
CHAIRMAN OF THE BOARD

THE WORLD'S NEED FOR OIL in the postwar period is developing even more rapidly than was expected. Not only in the U.S. but world-wide, demand for oil products in 1946 was the largest in history, exceeding even the war years' period. The pressure of demand is being felt in all lines of the business.

AFFILIATES OF THE COMPANY are now operating practically at maximum capacity—a situation prevailing throughout the industry. Needed increases in output can be achieved only by enlarging every operation from well to market. In financing these activities, capital expenditure in 1946 reached the record figure of \$279,000,000. The budget for 1947 provides for further increases. Construction of needed new facilities is one of the industry's major tasks for the immediate future.

NET EARNINGS accruing to the interest of Jersey shareholders represent a return of 11.12% on average net worth, or 10.80% on total income of the Company and its affiliates. Such consolidated earnings for 1946 came to \$6.50 per share of outstanding stock, a total of \$177,610,000. Net income for the parent Company was \$3.83 per share, a total of \$104,770,000. Dividends of \$3.00 per share were paid by the Company during 1946.

OF TOTAL MONEY TAKEN IN from all sources by the Company and its affiliates, 64% was paid out for

crude oil, other materials and supplies, maintenance, direct taxes, and similar necessary expenses.

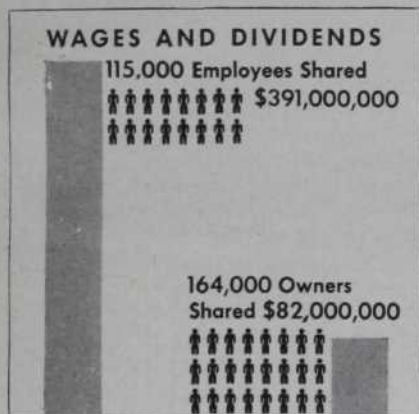
36% REMAINED after these expenses. Of this remainder, 65% was paid to 115,000 employees, 13% went as dividends to the Company's stockholders, 16% was held for use in the business, and 6% was the amount applicable to minority ownership of subsidiary companies.

INCREASED PRODUCTION AND SALES reflected the world's growing need for oil and its products. World-wide production of crude oil by Jersey affiliates increased 9.6% over 1945. Working at or near capacity, refineries of Jersey affiliates processed 7% more oil than in 1945—producing 9% of total U.S. petroleum products. Sales by affiliates also reflected rising need for oil. With relaxation of rationing, there has been increased use of oil products not only in this country but also in most of the foreign countries served by Jersey affiliates.

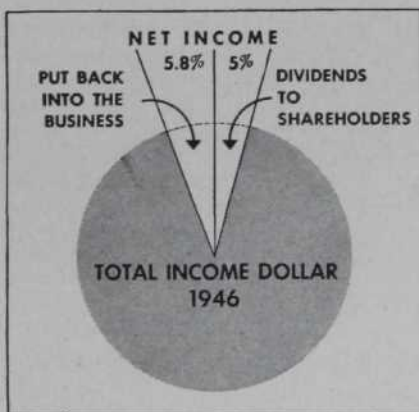
19 OCEAN TANKERS were purchased in 1946, in replacing tankers lost during the war. To promote greater safety at sea, three of our ships have now been equipped with radar and two more are being so equipped.

RESEARCH WORK during the year moved ahead, developing better and more versatile processes and products. Special attention was given to develop-

(New Jersey) reports...



EACH FIGURE REPRESENTS 6,975 PERSONS, and the bars represent the amounts of income each group received from Jersey in 1946. The sum of \$391,000,000 was paid to employees of the Company and affiliates in wages, salaries and benefits. Dividends amounted to \$82,000,000.



THIS SHOWS THE AMOUNT OF NET INCOME accruing to the interest of Jersey shareholders during 1946. It shows also the proportion paid to these shareholders in dividends and that left in the business to meet future capital expenditures, etc.

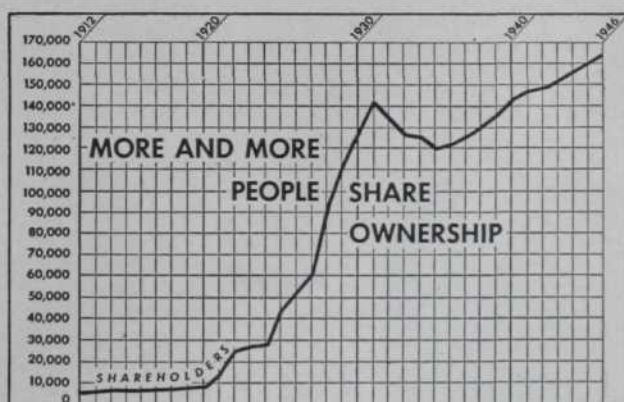


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ment of high octane gasolines to anticipate the requirements of coming higher compression automobile engines—giving greater power and increased miles per gallon. Semi-commercial conversion of both natural gas and coal into oil products has shown encouraging progress.

GOOD LABOR-MANAGEMENT RELATIONS during the year continued the Company's long record of industrial peace. There was no domestic strike or work stoppage during the year. 88% of former employees discharged from the armed services have returned to work for the Company. In addition, 11,577 veterans were newly employed by the Company. More than 78% of eligible domestic employees participated in the Group Insurance Program. Employees saved \$17,615,000 in the Thrift Plan last year, to which their employers added \$30,329,000.

LOOKING AHEAD, it is clear that if men, through science and machines, are to drive persistently toward better living standards for all people, vast quantities of oil must be found, brought to the surface, refined, and distributed to all parts of the



WIDENING OWNERSHIP OF NEW JERSEY is shown by the fact that the number of shareholder accounts has increased from 5,816 in 1912 to 164,000 as of December 31, 1946.

world. Standard Oil Company (New Jersey) is increasing substantially its activities and investments abroad as well as in this country. These are practical demonstrations of our confidence that American enterprise can help meet the needs of people everywhere and thereby serve the cause of lasting peace.

STANDARD OIL COMPANY (NEW JERSEY)
AND AFFILIATED COMPANIES

That's putting it MILDLY!

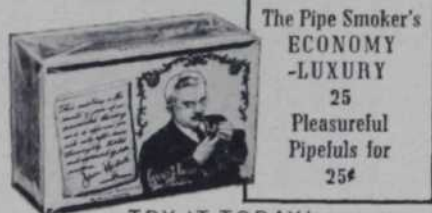
St. Peter



I'll take off my halo to it. Not a sign of that bite and burn that makes pipe-smoking a hell. You're sure to like

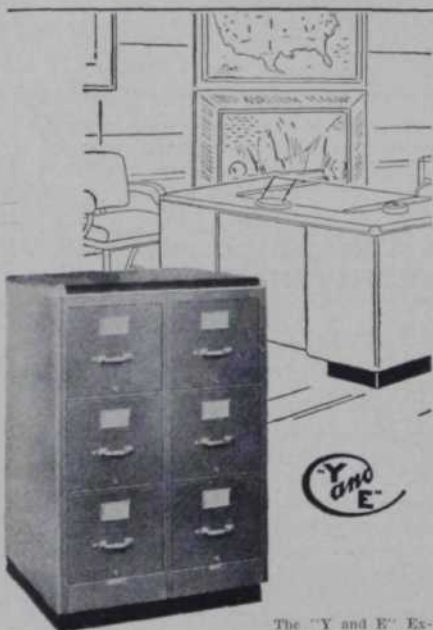
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nectady Council of Boy Scouts of America. Dovetailing nicely with this hobby are frequent trips to the Iowa State campus where he interviews young men as a General Electric representative once interviewed him. Today, though, class leaders and industrial hiring policy have changed. General Electric and other companies which scout the campuses are glad to have the valedictorians.

On two recent trips to the campus, he came away with personal honors. In 1938, he received the first award of the Marston Medal for Engineering Accomplishment, and in 1943 they presented him with the Chicago Merit Award offered annually by Iowa State Alumni in Chicago to "one or more former students of the College selected by the Chicago group because of their outstanding service to the community, state, nation or fellowmen."

Youngsters in business

HE talks of these things less enthusiastically than of the progress of Junior Achievement, and of the young members who, under adult guidance, raise capital, form stock companies, and launch business enterprises which often pay off amazingly.

He visits them everywhere, St. Louis, Houston, Springfield, Mass., Atlanta, keeps in touch with their enterprises—a photograph business, an organization that provides junior radio programs, a teen-age night club which charges 15 cents, a plant making jig-saw puzzles—and chuckles over a recent banquet where Junior Achievement speakers performed so brilliantly that the adult orators scheduled to follow were grateful when the toastmaster didn't call on them. No one wants to be an anticlimax when the show is already stolen.

The Shreve organizational interests are not completely centered in the juniors, however. He is a member of the Board of Governors and a former president of the National Electrical Manufacturers Association; vice president of the National Fire Protection Association; chairman of the Contracts Advisory Committee of the Navy Industrial Association and a member of the New York State and of the Schenectady Chamber of Commerce, although he now lives in New York City.

That change came in 1945 when his title became Vice President in Charge of Customer Relations.

The next year he became a vice president of the United States

Chamber of Commerce which he had served as a director beginning in 1943. There was little fanfare to celebrate the promotion. Those who know him best agree that he has little use for fanfares. No one remembers seeing him excited either, though a ready smile demonstrates that reserve is not aloofness.

"Personality that beams"

THE photographer who took the picture that accompanies this story read him like this:

"He is very regular and has a personality that beams. I hope it shows through in these shots."

Photographers peer deeply and are sparing with accolades.

Those who work with him have learned that Chamber Member Shreve—like Young Salesman Shreve—is willing, figuratively, to dig postholes if postholes are the present need.

Also a man who can quietly sell electrical equipment in a mining camp where gunplay is a way of life certainly has better than average perseverance.

Chamber programs in national affairs and education have had special benefit from his capacity to bundle conflicting points of view into a package convenient for handling.

Time for hobbies, too

HIS hobbies include a golf game which suffers from lack of attention and five grandchildren whose photos have an honored place on a table in his office. A "leisurely auto trip" to see them in the flesh would age a car many months before its time.

Almost any family could hold a reunion more handily. His daughter, Mrs. Natalie Crow, lives in Oakland, Calif.; Robert Shreve, a son, is in Oak Park, Ill.; Earl Shreve, Jr., is in Albany, N. Y., and Mr. Shreve's only brother is in Albany, Ore.

After 1,000,000 miles such distances are not forbidding. He has, in fact, covered this territory pretty thoroughly and will undoubtedly come to know it even better as he goes to see for himself, to listen, and to wrap up the problems of the 2,700 local Chambers of Commerce and trade associations that he will represent in Washington. That is the sort of thing he is used to.

But, with real time for travel, the Shreves would head for Alaska and Australia.

Those two places he has missed.

An Economy Based on Cigarettes

(Continued from page 42)

down, but as well the correctness of the general relationships between the types of goods traded inside and outside the Barter Center.

What helps make cigarettes so successful a substitute for money is that they have certain attributes of a good currency. They are easily recognizable, practically homogeneous, fairly durable, and divisible. Also they are readily transportable and hard to "counterfeit."

United States cigarette factories are therefore "coining money" for the Germans, or rather for the G.I.s and other Americans. Army personnel have made of the cigarette a form of military currency and a channel of profit.

An American nylon toothbrush, for example, cost one mark at an Army PX. With American cigarettes selling openly in Berlin at seven marks (70 cents) per cigarette, Ingenious Joe could buy the toothbrush for one seventh of a cigarette. His weekly ration of cigarettes at the PX—12 packs—cost Joe 85 cents, or about seven cents per pack of 20. This system was an open invitation to live for nothing. Selling PX cigarettes is contrary to Army orders, but few appear to observe that order.

Those who want to be quite law-abiding, who crave tobacco themselves, or who cannot do their business on the "measly" 12 packs a week, simply order cigarettes sent from the United States by mail. These can be got by air mail or ordinary parcel post cheaply.

Display also used

IN a single issue of the *Paris Herald Tribune*, which has considerable circulation wherever the Army goes in Europe, I found seven different display ads of American firms offering to send cigarettes to any APO address at low cost. On such exports there is no internal revenue tax. The shipper needs to pay postage only as far as New York. Uncle Sam bears the expense from there on. One concern, in a three-column ad, offered five cartons of Lucky Strikes or Philip Morris for \$5.25, ten cartons for \$9.50. Prices included postage and insurance.

"Amazing fast shipment," boasts another display ad offering 25 cartons for only \$38, "via our special superspeed method of shipping at

\$1.95 per carton. Minimum order ten cartons. Maximum order 60 cartons."

No wonder the same paper a few days later headlined a Paris news story, "Cigarettes Glutting Army Mail." The article said:

"Army postal officials (i. e., in Paris) began complaining recently that their small staffs were being suddenly swamped with hundreds of bulky packages from the States, and called in the Criminal Investigation Division to find out what the rush was all about. The rush turned out to be about 90 per cent cigarettes."

The article reported the Army as threatening to court-martial soldiers who were found doing business while in the Army. But this threat, the newspaper reported, applied to France, not to Germany where the Army had set up official barter centers to help military and authorized American civilian personnel trade cigarettes for German articles.

Order proves futile

IN Berlin, where one of the Army's three post offices was handling about 1,000 cartons of incoming cigarettes daily, the Army announced in December that the Barter Center would no longer accept cigarettes after January 1, 1947. Germany, however, continued to use the cigarette as a preferred standard of value, along with marks. In Hamburg in February the German police offered a 1,000 cigarette reward for information about a murder suspect.

A special Army committee last winter advised OMGUS that the G.I. cigarette trade was damaging Germany's economy and recommended the exclusion of cigarettes from APO mail as well as from Army-authorized barter centers. The Army committee's report found that cigarettes had "set up a currency competitive to the legal currency which discredits the German currency, with resulting maladjustment of rationed goods and legal processes."

Further, the committee noted, many Germans went madly after cigarettes in preference to food, often refusing German currency in payment for services and demanding cigarettes instead. "Probably 90 per cent" of barter center cigarettes found their way into the black market. At the time, private

imports of tax-free cigarettes into Germany by Americans were estimated at \$100,000 worth a month.

A few days after this report was submitted to OMGUS, General Clay, the American Deputy Military Commander, said he would not favor banning private imports of cigarettes by American occupation personnel. At the time, an AP dispatch explained, a pack of American cigarettes would buy \$14 worth of marks.

Around Frankfurt today, according to the *Herald Tribune*, the barter unit "supported by American cigarettes" now tops both Reichsmarks and the Army's dollar scrip as the most prized currency; so much so that it is being counterfeited, final proof of its worth. Behind the Frankfurt official Army Barter Center's currency are 20,000 cartons of cigarettes, a recent report disclosed.

Frankfurters esteem the barter money because it is the only redeemable currency in Germany today. You can always get cigarettes for it. Frankfurt's Barter Center is the busiest spot in town, outside the railroad station.

On a single day there were 12,400 customers. The daily turnover is 50 to 85 per cent. In the fortnight before Christmas, special trains had to be put on the Cologne-Frankfurt run to accommodate the British-Zone Germans who wanted to exchange personal belongings for American luxuries! Apart from cigarettes at 55 barter units a carton, the German can buy in Frankfurt's Barter Center butter at 16 units a pound, coffee at 18 units, etc.

Frankfurt's local American newspaper depicts "barter-happy" Americans lugging as many as 200 cartons of cigarettes and large sacks of food to the center for trading purposes. From the center they often stagger off with much bulkier "loot."

Only partly successful

IF the Barter Centers were created as a means of keeping Americans out of the black market, they were partly successful. But the business these few centers do cannot embrace the trading of thousands of Americans all over the U. S. zone.

A secondary and inevitable effect has been that the Barter Centers supply Germany's black market with a steady flow of cigarettes.

While most of Ingenious Joe's trading abroad is on an individual basis and small-scale, cases of organized black marketing, some even while the war was still on,

have been reported, involving stolen Army goods, graft and, in some instances, murder. According to a Scripps-Howard reporter the number of racketeers among Americans in Germany is small.

Because in battered and exhausted occupied Germany the only commodity which existed in plenty was money—old Nazi Reichsmark notes, allied military notes, and bank deposits, all three being interchangeable—Joe had no trouble filling his pockets with money. All he had to do was to sell something.

Cigarettes were, and remain, in prime demand on the Continent. Also candy bars, chewing gum, soap; coffee and sugar obtained by the G.I.s in one way or another; articles of clothing, gasoline, tires—even whole jeeps—found their way into German hands in exchange for marks.

The marks, in turn, found their way into the Army's finance offices in conversion to dollars. It was unbelievable while it lasted.

Stamps solve problem

IN the beginning, one simply took marks to the Army P. O. and bought a money order in favor of Ma or Pa. Before the Army put restrictions on this free and easy foreign-exchange business, there were at times seemingly round-the-clock queues at the money-order windows. This inspired impatient Joe to find some simpler way to get dollars for his surplus marks. For instance, all Army post offices abroad handle American postage stamps. Nothing is simpler than to buy sheets of stamps and mail them home.

A more enterprising device was to walk along the line of G.I.s who had received money orders from home and were waiting to turn them into cash at the money-order window. While the P. O. would give only the official military rate of exchange, one mark for 10 cents, the G.I. with a hot pocket could afford to be more generous. Telegraphic money orders reportedly also were used to convert G.I.s' military marks into home dollars at par.

Another "deal" was to buy something of value from the Germans—a camera, a painting, a bracelet or some Meissen china—and send it home by parcel post. At all hours of the day in Army post offices abroad, I have seen G.I.s and WACs com-

ing in with parcels and even small crates to mail home.

In Berlin last summer, an American official described the handling of military currency in Germany as one of "incredible American Army dereliction and ineptness, if not something worse."

This opinion seems somewhat severe because the history of our financial adventures in Europe indicates a continuing effort to develop a leak-proof currency.

In the beginning, the allied military mark was given a value of ten cents American and was made legal tender in Germany alongside the Reichsmark currency already in circulation. It was to be redeemed by Germany. It worked as intended so far as the local population was concerned; and, in fact, it is still circulating in Germany. But a large part of the Army made a good thing of it. In fact, a widespread racket developed, with Uncle Sam buying military marks with dollars at par. Finance officers usually entered into the spirit of the thing.

To check the racket as much as possible, the Army issued currency cards to the troops on the passbook principle. When the records were falsified and the plain printed cards even counterfeited, that effort broke down. Then a more carefully devised currency book was issued; that, too, was ineffective.

In the American sector of Berlin a special and bothersome "chit" system was even tried: Before you could spend any allied military marks in an American canteen, restaurant or other establishment, or buy a postal money order, you

had to give up an equivalent face value in "mark" chits, issued to you along with your pay on pay day or at the time you obtained marks for dollars.

This cumbersome and annoying system passed away on C Day (conversion day), in September, 1946, when, without warning, the Army in Europe and the Far East called in all military currency "legitimately" in American hands and replaced it with scrip, or military payment certificates, an entirely new money denominated in dollars and cents. Since then scrip has been the only currency accepted in American military establishments abroad.

On its introduction, scrip was described by Maj. Walter R. Jorgenson, Army currency officer in Germany, as the most counterfeit-proof currency ever turned out by the Bureau of Engraving and Printing. The system was designed to end the remittance racket once and for all. Thereafter G.I. trading profits sent home would have to take the form of German goods, rather than APO money orders.

Whether the scrip system has fully accomplished its purpose only the Army can tell, and it doesn't. The week scrip appeared, the Vienna black market was offering 20 shillings per dollar of scrip.

System circumvented

A WAY of getting around the "fool-proof" scrip reported from Italy was this: Army personnel took their scrip pay and bought postal money orders at the Army post offices. The money orders they then sold for dollar notes at an American bank or travel agency.

Then Ingenious Joe went into the black market and bought, first, lire with the dollar notes at 600 per dollar; and then, dollar scrip illegally held by Italians with the lire at 380 per dollar.

The dollar scrip he then took back to the Army post office and bought some more money orders, and so on.

When the Army got wise, it issued orders that Army postal money orders be cashed only in \$1 and \$100 bills, denominations which Italian currency black-marketeers dislike. It also required any individual buying a postal money order for more than \$25 to have the written authorization of a commanding officer. The UP



quoted officers in Italy as saying that, since the introduction of the scrip system, military traffic in dollars had soared into the millions and that "the peacetime G.I. dollar racketeer made the wartime G.I. look like a piker."

One newspaper correspondent in Rome quoted an Army officer as saying angrily that the scrip system hit only the little operator. "The really big . . . one who has made tens of thousands of dollars—and I know of one colonel who is now under investigation for collecting more than \$30,000—all he has to do is buy real estate until all this is over."

The payoff on the dollar scrip system came from an unexpected quarter. In Berlin's four-power Kommandatura, the Soviet delegate, Maj. Gen. Alexander Kotikov, in October officially protested the American military government's introduction of scrip.

A recent development on dollar scrip was the Army's calling in of all scrip in the hands of authorized personnel on March 10 in exchange for new scrip of a different color. This move, which the Army hinted might be repeated at irregular intervals, was aimed both at illegal holders in the black market and at counterfeiters. The AP reported that large-scale counterfeiting of scrip had been flourishing in France and Germany.

"Thriftest soldiers"

AMERICAN military and civilian personnel found so many ways to tap all these currency systems that the *Stars and Stripes* could report that Berlin's frugal Yanks were the "thriftest soldiers in the world." They had sent home in one month \$3,163,519, or exactly \$109,234 more than their pay, after spending \$305,418 in local PX's.

For a time after V-E Day, the Army was inclined to wink at the surplus—euphemistically called "poker winnings"—because the officers reasoned that the folks at home had been making money, so why shouldn't the soldiers?

After November, 1945, however, the rules were changed. After that no one could send home more than 100 per cent of his pay. He could still do that, though, and live free at Army expense. Anyone could sell a carton of cigarettes for enough military marks to buy at low prices at the commissary a month's supply of food for a mess of six or seven officers or civilians.

In the fiscal year 1944-45 Army post offices abroad sold to our men in uniform more than 17,322,000

money orders on the United States for \$885,506,890. Between July 1, 1943 and Jan. 31, 1947, APOs sold 41,823,105 money orders on the United States for \$2,355,463,997.

To the extent that the G.I. is a successful remittance man, the Treasury of the United States is a simple sucker. I learned in Berlin that, before we introduced dollar scrip—the money designed for the exclusive use of Army personnel and similar authorized persons—the American Army in Europe had taken in from the men hundreds of millions more allied military marks than it had paid out.

The marks so taken in were, in one form or another, redeemed with dollars taken out of the Army's account with the Treasury, at the rate of ten cents per mark. This means that the Army lost, and Ingenious Joe gained possibly \$500,000,000 cash. That the income tax collector got his hands on much of this is most doubtful.

How could more military marks be turned in than the Army paid out? Simple enough. Allied military marks, printed either by the Bureau of Engraving and Printing in Washington or by the Russians from plates manufactured in Washington, were issued by all four allied armies in Germany.

So a large but unknown fraction of the military marks saddled on Uncle Sam consists of notes issued by our Allies.

The Army has never officially confessed to being bamboozled out of \$500,000,000 by its personnel in Europe, although it has issued a statement that it was taken for a financial ride by the G.I.s.

May work off losses

THE plan is to work off on the Germans and others as many of the "cigar coupon" notes as possible.

It may be possible to recover dollars from returning prisoners who, while in our hands, were paid from \$3 to \$40 per month. Total such U. S. payments to German prisoners are estimated at \$200,000,000. Another way is to buy German goods with military marks and sell them in Army PXs, where only dollar currency is accepted. A small amount can gradually be sold in Germany to traveling business men, correspondents and the like, who may want a few marks to use outside American canteens and PX's. Possibly some expenses in Germany can be met in marks.

The War Department is preparing a report which it will inevitably have to make to Congress.

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You Don't Have to Cut Paper Dolls

(Continued from page 38)

that he had cancer of the stomach.

A psychiatrist discovered what was bothering him. His symptoms dated from the time a junior colleague had been promoted over his head. At first he had resented the promotion. Then, unconsciously, he had begun to worry about it. His fear was that the other's promotion might mean a lack of confidence in him and that he might be on his way out from even his present job. He had tried to hide this fear from himself. It had come out, however, in nausea and cramps, and he worried about these.

Breakdowns can be cured

WORRY can be licked and nervous breakdowns avoided or overcome if problems are faced. When the president who went off the beam because of a heckler was led to talk about and face his problem, he decided to take his wife's word that her indiscretion was stupid and that she really loved him. It's fairly safe, says the psychiatrist in the case, to count on his being back in the presidency shortly and as efficient as ever.

The young vice president is already back at work, healthy and happy. After he had the chance to bring his worry out into the open, to talk out the facts, he realized he had done the best he could, that his daughter's polio was no fault of his. The other cases also have been cured.

"Worry," says Dr. Lydia Giberson, noted industrial psychiatrist, "is a form of fear. And fear thrives in dark corners. Close the door, turn your back—and anxieties have a chance to grow and fester. But drag them out into the open and most fears evaporate."

Are you heading for a nervous breakdown? It's not true, as many suppose, that a nervous breakdown strikes with swift suddenness. Usually, it takes months, even years, during which the symptoms grow, before the crack-up comes.

Some of the symptoms already have been indicated. Sleepless-

ness is one. A tired feeling all the time is another. There may be dizzy spells, extreme sensitivity to noise, a tendency to magnify every tiny problem into a big one. Frequently, there's an inability to concentrate. And, increasingly, there's an inability to reach decisions. Indecisiveness becomes apparent on even the most trivial matters.

If you are on the verge of a breakdown, the reactions of others may give you clues. People may point out that you've become unduly argumentative, unreasonable in refusing to take suggestions, and resent any sort of criticism. They may say you're "acting queerly" in other respects: you mumble or mutter, your hands tremble, you neglect your personal appearance.

If you're not too far gone, you may be able to snap yourself out of the road to a breakdown and take a quick detour back to normal mental health.

That takes two things. First, a sense of perspective, a realization that you are not alone in having a problem, that life is a problem for all, that your problem is not "bound to drive anyone crazy."

The second requirement is a resolution to face your problem and do the best you can. There's no better method of acting upon problems than that advised by Dr. Austin Riggs.

"Worry," he points out, "is a complete circle of inefficient

thought whirling about a pivot of fear. To avoid it, consider first whether the problem in hand is actually your business. If it is not, turn to something that is.

"If it is your business, decide next whether it be your business now. If such is the case, decide what is the wisest and most efficient course to follow. If you know, get busy and do it; if you do not know, if you lack knowledge, seek the knowledge you need and seek it now. Do these things, and in nine cases out of ten anxiety will not degenerate into worry.

"If the actual probabilities are so bad that intense anxiety is unavoidable, nevertheless realize that success is always an approximation of the ideal; then rest your case on the determination that, no matter how hard things may turn out to be, you will make the best of them. In short, common sense can put worry out of the running in most cases."

Mistakes may happen

A TOP executive once told me: "There was a time in my life when I operated on the assumption that no ambitious executive could afford to make a single mistake. More than once I found myself on the verge of a breakdown. I had set a standard of impossible perfectionism. More and more I found myself avoiding decisions, worrying, afraid that I wouldn't make the perfect one."

"That was when I was a junior executive. I think I would still be one if I hadn't decided long ago that the thing to do is to give your best to a problem and hope for the best. It usually comes out that way. My motto now is: A good executive is simply one who is right most of the time."

A healthy sign right now, psychiatrists agree, is the "tenet of management" currently being promoted by William B. Given, president of American Brake Shoe Co., the country's largest manufacturer of railway brake shoes. His tenet is simple: "freedom to fail."

It's an essential tenet, Mr. Given believes, if we are to avoid having too many executives become scared little men, un-



willing to take chances. It's an essential, too, psychiatrists say, if we're to avoid having more and more executives crack up.

Mr. Given uses it in his own company. Recently he wrote:

"Freedom to venture and freedom to take risks mean nothing if failure is always punished. The man who is encouraged to take risks must know that any particular failure will not draw criticism or derision.

"Of course, this does not mean that a man can fail consistently and still enjoy the company's confidence. The risks that are taken must be intelligent ones, carefully thought out and appraised in advance. But the point is that, even though he does not have all the odds on his side, a man must be free to make a decision and initiate action, knowing that failure to bring success out of that particular venture will not harm him in the eyes of his superiors."

All this reduces to simple terms: If you can recognize your problem, then act to solve it.

But making the best decision one can and sticking to it without wavering and worrying isn't always the answer. Sometimes people well along the road to a nervous breakdown cannot make a decision because they no longer are able to recognize their problem.

That's the time to seek psychiatric help. Talking freely to a trained professional, knowing he has no interest except in helping you, and knowing your confidences are safe with him, often brings out facts you never realized.

Subconscious worry

AN executive, highly successful in his field, began to notice he was chewing his nails, couldn't concentrate. He was so fidgety that after an hour at his desk he had to get up and walk around for an hour before he could sit still again. He was seized with moods of depression. At such points he found himself thinking his life wasn't worth anything and that suicide was the only way out.

"If I'm worrying about anything in particular," he told the psychiatrist, "I have no idea what it is."

Nor did the psychiatrist until an hour later. By then he had discovered that his patient's difficulty began a year before when his father had died. A recital of his childhood and young manhood indicated that father and son had never got along well, that more than once the son had run away

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from home, and that on one occasion there had been a knockdown, drag-out fight in which the father had been hurt.

Then, the cause of the worry was out in the open. Somehow, the man had tortured himself with the thought that the fight had caused his father's death.

Only buried in the deep recesses of the mind, unthought out, could such an idea have persisted. For, when the man faced his hitherto unrealized fear, he could see immediately how silly it was. The fight had taken place 20 years before his father's death, and there was no connection between the two events except in the man's mind.

Emotional conflicts

OFTEN a psychiatrist can help even where the patient knows what his emotional conflict is, but has worried himself into such a state that he can not take action to resolve it.

A young banking executive was on the ragged edge. Born in Vermont, he loved the outdoors. But after college, he had married a New York girl who insisted that they live in the city or near it. He had taken a job with a New York bank, had risen fast. His wife, however, had got him into a financial rat race.

Years ago, he had bought a suburban home, then on her insistence had sold it for a larger one.

Then his work began to suffer. He was tired of city work and suburban social living. He wanted to move to a farm in Vermont, but his wife wouldn't go.

He told the story to a psychiatrist. For the first time, he could truly and completely unburden himself. When he was through with the telling and even

before the psychiatrist could make a comment, the young executive had an idea. He could take a leave of absence and, either by himself or with his wife, go to Vermont for six months and see whether he really liked farming.

His wife refused to go but he went by himself. He stayed three months and decided that his desire for farming had been only a dream. He came back and now is happy.

Some nervous breakdowns are fairly easy to cure. More severe cases require long treatment. For complex cases, some psychiatrists are using an electric shock technique. The shock produces loss of consciousness, muscular convulsions, then sleep.

Doctors are not sure exactly how the shock works. In some cases it doesn't cure. In some cases it doesn't work at all. But in others, after a course of shocks, psychiatric treatment can proceed more quickly than otherwise.

A nervous breakdown is not compulsory. It can be avoided by following a few simple rules:

1. Work when you work, play when you play, do nothing when you rest and be sure that there's time each day for all three.

2. Live today. Yesterday is done; tomorrow hasn't come.

3. Simplify your life. Hurry and worry are soul mates.

4. Get perspective. Everything isn't the way you'd like it to be. It never will be. Don't fret. Don't try to change the whole world.

5. Do the best you can. If you make the right decision more often than the wrong one, that's good. And remember: Any decision, even a poor one, is better than no decision, worrying, wavering and—a nervous breakdown.



New Performers Under the Big Top

(Continued from page 45)

In the House, they became junior officers—or in congressional parlance, subcommittee chairmen—after relatively short service in the ranks. This gave them an early taste of front-line action and an extraordinary opportunity to distinguish themselves in combat.

The Senate, however, gave the newcomers their greatest chance for advancement and distinction because it was here the party suffered its highest casualty rate during the 1930's. In fact, Republican ranks were so decimated by the New Deal onslaught that, when the party came to power this year, there were not enough survivors of the 1930's to fill the top committee positions.

Some of the early 1940 class, therefore, were advanced into positions of senior command as committee chairmen, among them Senators Millikin, chairman of Finance; Hickenlooper, chairman of the Atomic Energy Committee; Owen Brewster of Maine, the Special War Investigating Committee; C. Wayland Brooks of Illinois, the politically potent Rules Committee; William Langer of North Dakota, Civil Service; Hugh Butler of Nebraska, Public Lands; George D. Aiken of Vermont, Executive Expenditures; and Chapman Revercomb of West Virginia, Public Works. None of these men has yet served seven years, and Revercomb only four.

Democratic senators eye this somewhat quizzically. As one put it: "I was so far down the ladder that I didn't dare ask a question until I had been here longer than some of these Republican chairmen."

To appreciate their feeling, consider the case of Sen. Styles Bridges of New Hampshire, who became chairman of the Rules Committee after being in the Senate only ten years. Sen. Kenneth McKellar of Tennessee, whom he displaced, served 28 years before advancing to the chair, then held the post only a year and a half before the Republicans turned him out.

More Recent History—The positions these neophytes occupy carry with them more power and respon-

sibility than in any recent Congress. As a matter of fact, all legislative positions carry greater weight, now that Congress has emerged as the dominant branch of government.

The Roosevelt Congresses were overshadowed by a veteran trouper who knew all the tricks of stealing a show. But the 80th Congress has elbowed its way back into the front line.

President Truman's strategy in dealing with the new Congress contributes further to the pre-eminence of the legislative branch. For political reasons not necessarily altruistic, he is "cooperating Congress to death" and tossing the hot potatoes right into its lap.

A Deliberate Policy—The emergence of new faces is also a direct

back home, younger Republicans felt some resentment that policy was being enunciated in their collective name before they were consulted.

The newcomers had other grievances, too. Some felt they had been barred from desirable committee assignments in previous years by "the autocrats of the committee table," as they privately called the chairmen.

Martin and Halleck stilled such dissatisfaction by bringing the newcomers prominently into the picture. They were made a part of the team from the start.

Committee assignments were handled with extraordinary care. Preference was given to ability over longevity in several conspicuous instances.

As an example, three men with little seniority—Representatives J. Edgar Chenoweth of Colorado, Ross Ritzley of Oklahoma and Christian A. Herter of Massachusetts—were ushered into the inner sanctum. The first two are three-termers, Herter a two-term.

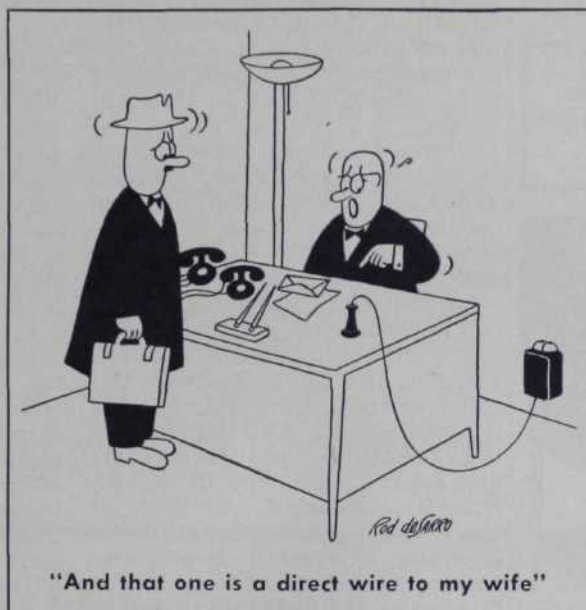
First, they were placed on the Rules Committee, which is the chief instrumentality of the leadership in running the House. Then, they were assigned to the Committee on Expenditures in the Executive Departments. This is the group selected to dig into the various government bureaus to unearth ammunition for the 1948 campaign.

Finally, they were brought into the Republican Steering Committee where party policy is drafted.

To improve morale further, the leadership is permitting junior members to author legislation; handle bills on the floor and conduct investigations.

Thus, Rep. Robert A. Grant of Indiana got his name on the excise tax bill, although he sits so far down on the Ways and Means Committee as to be barely within shouting distance of Chairman Knutson. By all the old rules, it would have been the Knutson, not the Grant bill.

Similarly, freshman Rep. James T. Patterson had the satisfaction of authoring a bill that passed the House only 69 days after taking his seat. It was a measure to suspend the import tax on copper for another two years, and important to his copper-fabricating district



result of a deliberate effort by the leadership. This is especially true of House Republican leadership.

Speaker Martin and Majority Leader Charles A. Halleck faced a delicate problem when this ram-bunctious Republican majority descended upon Washington in January. There were some mutterings of discontent among younger Republicans because of the actions of the veterans.

Unfortunately, some of the veterans slated for important chairmanships rushed back to Washington after the November election and issued pontifical pronouncements on what party policy would be. Reading the headlines



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in Connecticut. Realizing that, the leadership let him have the credit.

There is still another reason for this policy: the Republican high command wants to develop leadership for the long-term future. The party looks forward to a score of years in power—a span that would extend beyond the political expectancy of most of the present leaders. The leadership is, therefore, in much the same position as the coaching staff of a football team whose veterans are due to be graduated next season.

Democratic Policy—some of the same forces that are creating opportunity for young Republicans also are working on the Democratic side of the aisle.

House Minority Leader Sam Rayburn has sent in virtually a whole new team, as compared with the lineup last session. No longer does he rely exclusively upon veteran Democrats for advice—such as Eugene Cox of Georgia, Clarence Lea of California, Adolph Sabath of Illinois, Clarence Cannon of Missouri, and others. For the most part these men are glad to see others assume some of the burden.

Rayburn's inner sanctum advisers now include Albert Gore of Tennessee, Mike Monroney of Oklahoma, Hale Boggs of Louisiana, J. Percy Priest of Tennessee, and John J. Rooney of New York—all men of relatively short service according to party practice.

In carrying the fight to Republicans on the floor, Rayburn has called in a promising array of first-termers—men like Representatives George A. Smathers of Florida, John F. Kennedy of Massachusetts, John A. Blatnik of Minnesota, John A. Carroll of Colorado, Charles B. Deane and Monroe M. Redden of North Carolina, and Carl Albert and Glen D. Johnson of Oklahoma.

These House members, together with young senators like John J. Sparkman of Alabama and J. Howard McGrath of Rhode Island, will form the party leadership when the Democrats return to power.

The Reorganized Congress—Streamlining of Congress has spread the work more evenly, given newcomers a chance to mold legislation much earlier in their careers.

Previously, newcomers were relegated to minor committees, most of which transacted little or no business. Until promoted to a major committee, they were little

more than "yesses" or "noes" on the roll call.

Today, however, every committee is a major committee. Through reductions in number and consolidation of functions, the jurisdiction of committees has been immeasurably broadened.

But the newcomer has his real chance today in the breakdown of full committees into subcommittees to handle specific legislation. In subcommittee, he can master the subject early and join in writing up bills.

An example is portal-to-portal legislation, one of the most complex and legalistic matters to be considered this session. In the Senate, it was handled by a three-man judiciary subcommittee whose average service was only four years.

When the measure reached the floor, two freshmen senators, John S. Cooper of Kentucky and McGrath of Rhode Island, established reputations for their mastery of a complicated subject in debate.

Men of greater ability

WHAT manner of men are these who are moving so swiftly to the fore? What is their basic philosophy in regard to the relationship between government and business? Does it differ from the philosophy of their elders who took their seats during the 1930's and before?

First, the 80th Congress seems to include more men of greater ability.

In so far as Republicans are concerned, here again this was not happenstance, but the result of an affirmative effort. A year ago such leaders as Gov. Tom Dewey of New York and members of the Republican Congressional Campaign Committee set out to recruit men with reputations and ability to run on the G.O.P. ticket.

Local Republican organizations were persuaded to draft such prominent lawyers as Representatives Kenneth B. Keating of western New York, Edward J. Devitt of Minnesota and Abe M. Goff of Idaho; successful business men like Rep. Thruston B. Morton of Kentucky; and experienced public servants like Sen. Irving M. Ives of central New York.

Consequently, there was a better-than-usual incoming class in 1946. Those who have watched the new Congress feel that the group elected since 1940 is more realistic.

This is due, perhaps, to a fundamental difference in backgrounds. For the most part, elder Republi-

cans survived the New Deal only because they hailed from rock-ribbed states or districts, where party loyalty and preponderance of party power discouraged contests in the general elections.

On the other hand, the newcomers hail from competitive states and districts.

This seems to make the newcomers more astute in political matters, more alert to the national implications of a given policy.

In this connection, it is interesting to note that the major mistakes of the Republican party in the early days of this session were made by old-timers. This may be due in part to the fact that they occupy top positions where they are more vulnerable to criticism.

Furthermore, it is apparent that the newcomers have a more affirmative, constructive political point of view. Elected with a positive mandate, they realize that a blunt "no" is no longer sufficient.

The difference between the two groups was especially noticeable after President Truman's address on aid to Greece and Turkey. So strong was the habit of 16 years that most of the old-timers could hardly resist saying "no." It was the newcomers who reserved judgment initially. As one of them said:

"Here's a case where we should use our heads, not just shake them automatically."

This differing viewpoint implies no sharp ideological cleavage. There seems to be no basic difference between the two Republican groups on fundamental philosophy. Both reflect the business point of view.

If there is a difference, it is one of shading, not color. Or, as one

wise political observer put it, the difference is merely "procedural."

"The newcomers want to start from where we are," he said. "The old-timers would like to return to where we were."

Also, the men of the 1940's seem to show more political daring than their predecessors. A freshman House member—Rep. Albert L. Reeves, Jr., of Missouri, who beat the Pendergast machine in Kansas City—explained why this is so:

"The newcomers have come to do a job; not to make money; and not necessarily to make a career."

And then he added a remark which seems to sum up the attitude of much of the new group:

"If the price of following my conscience is getting licked in 1948, I don't care. It's nice to be able to write a letter to a constituent and say what you think."

Finally, the faces of the future are looking toward political goals that lie beyond the objectives that their elders have set for themselves. For them, 1948 is not an end unto itself—as it must be for those who will be classed "too old" for subsequent campaigns.

The newcomers are, therefore, under no compunction to lionize the present. They do not need to vindicate the past.

For these reasons, it is quite possible that we may some day view the present Congress much the same as my colleague in the press galleries recalled the new Democratic Congress of 1931.

With all its wealth of material and new opportunities, history may some day record that the 80th Congress made one of the greatest contributions to statesmanship of any Congress in our times.

New Leaders of the Chamber

(Continued from page 68)

Washington Board of Trade and chairman of the Greater National Capital Committee.

Fifth Election District—Dean H. Mitchell, director of both the Hammond, Ind., Chamber and the Indiana State Chamber of Commerce, and the president of the Northern Indiana Public Service Co.

Tenth Election District—Harlan I. Peyton, president of the Associated Chambers of Commerce of Washington, and president of Peyton Investment Co., Spokane, Wash.

Representing Foreign Commerce—Harold F. Sheets, chairman of the board of Socony-Vacuum Oil

Co., and vice president of the Commerce and Industry Association of New York.

Representing Insurance—Joseph F. Matthai, a director of the Baltimore National Bank and the Fidelity Insurance Co. of Canada, and executive vice president of the United States Fidelity and Guaranty Co., Baltimore.

Representing Manufacture—Harry A. Bullis. Mr. Bullis was elected as a director of the National Chamber last November to fill an unexpired term and re-elected in the recent balloting. He is president of General Mills, Inc., and vice president of the Minneapolis Chamber of Commerce.

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It's a Cats-and-Dogs Living

By PETER J. WHELIHAN

NEVER throw away a bond or share of stock without determining its value. That's gold in them thar papers

BEHIND the solid façade of the established American securities market symbolized by the New York Stock Exchange and Curb Market, there is a vast financial limbo in which virtually all trading is done in obsolete and supposedly worthless paper—the “cats and dogs” of enterprises that have vanished with but faint traces.

In this nether world are buried the dreams of get-rich-quick investors who staked their hopes and cash on flimsy projects. Here drift the stocks and bonds of early railroads, utilities, mines and similar outfits whose identities have been lost over the years through mergers and absorptions, while trace has been lost of original investors or their heirs.

While the orthodox institutions—the Exchange, Curb and recognized stocks and bonds markets—deal in a comparatively few thousands of active securities, there are millions of issues amassed in this obscure behind-the-scenes mart. It is here that shrewd men have



A doctor once got \$18,000 for the paper on his den walls

found another chance to make money, make it on even the most disdained paper buried in an old attic trunk.

One of the shrewdest of these brokers was Roland M. Smythe, a colorful Wall Street character of earlier days. Smythe was led into this obsolete securities wilderness through a deal in which he was outsmarted to the tune of several hundred dollars. In the 1880's, Smythe's broker-employer told him to get what he could for 15 bonds that had been defaulted by a southern state. A dealer offered \$2 for each. A broker acquaintance offered to try for more, for a 50-50 share of the proceeds. Smythe agreed and not long after received a check for \$400. Later he learned the debtor state had paid his agent \$1,200 for the lot.

Intrigued by such possibilities, Smythe plunged into this new field and in time came to be recognized as a leading authority on so-called worthless securities. Amusing stories are told of his buying up all available shares of a dormant issue, then inching the price up through offering a few at a time for sale, until he had netted a tidy profit.

But there are other more amazing instances of substantial amounts being salvaged by the cats-and-dogs dealers tracking down resources of defunct firms, or

finding holders of obsolete shares validated through court decisions or a revival of inactive companies or similar factors.

Canceling the wall paper

THE classic story concerns a New York suburban doctor who spent \$34 for enough “worthless” bonds to paper his den. A year or two later he learned that a court decision had released funds to redeem the bonds. Then, so the story goes, an officer of the liquidating trust company came to the doctor's home and rubber-stamped each bond to cancel it. Then he handed the physician a check for \$18,000!

No proof of such an incident is claimed by W. S. Brown, secretary of R. M. Smythe & Co., Inc., which is carrying on at 79 Wall Street the strange business established more than 60 years ago.

Smythe's successors, however, relate absorbing stories of their own concerning sizable recoveries on all but forgotten investments. They illustrate the carelessness or ignorance which inflicts incredible losses on investors and adds millions of dollars annually to the fabulous sums held by courts, banks or public treasuries to await legal orders for proper distribution.

Some time ago, Brown related, a wealthy New York woman in-



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herited 1,750 shares of a Pennsylvania mining company which had been formed shortly after the Civil War. A New York bank handling her business affairs asked a broker how much the mining stock was worth. The latter replied that the shares were worthless. As an afterthought, the broker queried the Smythe office.

Smythe & Co., with 3,000,000 obsolete shares and their history in its files, found evidence of some value in the stock and made an offer for it to the intermediary broker. The latter relayed word to the bank, which replied:

"On the strength of what you wrote to us some time ago, and on instructions of the owner, we recently burned the securities we exhibited to you and which you advised us were worthless. Is there anything that can be done in the matter?"

For months Smythe workers threaded through a maze of corporate records in Pennsylvania, finally uncovering a company which had absorbed the original mining concern and was, in turn, absorbed itself. The search went on through successive mergers until the original assets were found among those of a going present-day concern. Old records listed the woman's uncle and brother as stockholders, and the company accepted her affidavit that the shares had been destroyed. The stock was redeemed for \$3,500.

"We got a 25 per cent commission," Brown said with satisfaction, "and we certainly earned it."

High-grade scrap paper

EVEN when stocks and bonds have lost value as securities, they acquire a small cash worth as laugh-provoking instruments. Some people use them for bridge score prizes, lampshades and decorative screens. Bankers and brokers often use them as object lessons in advertising.

There always remains the chance, however remote, that a stock or bond may regain some value for any one of a thousand reasons. The rights to a forgotten patent might be sought; a state may decide to make good on defaulted bonds; irregularities in the reorganization of a company after mortgage foreclosure may restore a security to life.

A foundation stone of the obsolete securities business is the almost universal reluctance of people to part with possessions that ever have meant anything to their lives. Some psychologists say this

reflects a primitive fear of destroying anything closely associated with our lives lest we destroy a part of ourselves. Whatever the reason, most people put off disposal of these accumulated mementoes.

Worthless paper in estates

THE late President Franklin D. Roosevelt, who as engineer of the greatest national spending program in history might have rated as something of a fiscal expert, left a raft of "cats and dogs" along with a fortune in gilt-edged securities. An inventory of his estate filed in Poughkeepsie, N. Y., listed as of "no value" two \$500 corporate notes of the Compo Thrift Corp., two \$1,000 bonds in the Compo Bond Corp., 30 shares in the Brotherhood Investment Co., 50 shares in the American Investigating Corp. and nearly 3,000 shares in other obscure enterprises.

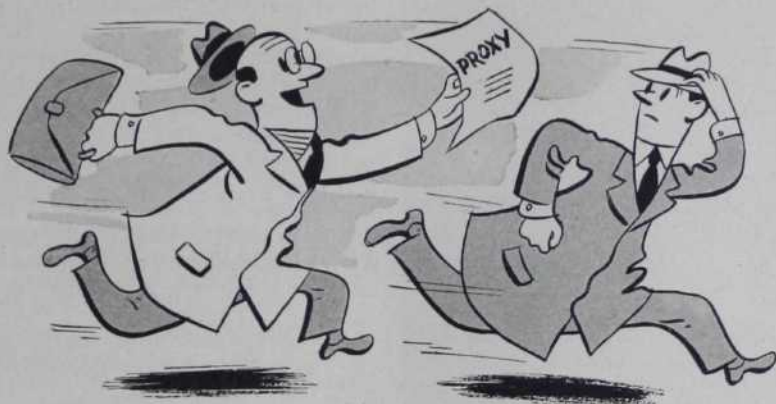
Cursory examination of the stocks reveals the issuing companies passed out of existence a few years or less after their founding. Some of them had but the flimsiest reasons for ever having

showed that 17 of his issues were rated as worthless at the time of his death.

Behind all the stories of startling recoveries made on obsolete securities there would seem to be a moral—never throw away a bond or share of stock, no matter how worthless. But there is danger in this attitude, too. Some experts say presence of worthless stock in quantity in a safe deposit box along with valid securities could, on death of the owner, appreciably cut into the net estate.

Under a ruling promulgated some years ago by the then Secretary of the Treasury, Henry Morgenthau, Jr., the value of all securities in an estate, for tax appraisal purposes, was to be set at whatever their market value was on the day of the owner's death. Thus, tax officials without a regular market quotation to guide them in the case of shares no longer listed, might set an arbitrary value on the obsolete paper out of all proportion to its worth and impose a tax accordingly.

In one such case a business man left an assortment of 29 stocks—



One New York outfit spends its time running down proxies

been born, such as the thrift corporation, whose aim was to promote thriftiness by selling people certain bonds. It was considered probable the late President had acquired the paper when, before attaining high public office, he was a member of a law firm that handled legal work for many corporations.

A transfer tax appraisal disclosed recently in New York in connection with the settling of the estate of the late Wendell L. Willkie, former Republican Presidential candidate, that he, too, held certain stocks considered to be valueless.

While Mr. Willkie owned a diversified list of stocks, investigation

11,388 shares in all. Included were 4,000 shares of mining stock that had been voided when shares of a new company had been issued in their place. An inexperienced tax official, in the absence of specific knowledge of the securities, listed them in the inventory at their par value, a fortune in itself, and set the tax on that basis.

Smythe & Co. eventually proved the total worth of the stocks to be \$41.50, after an exhaustive investigation which showed that one of the issuing companies had folded many years earlier, and that another apparently never existed.

There is one organization in New York that devotes itself exclusively to running down stockholders

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and persuading them to turn in their proxies for annual elections or other business requiring their participation. Some of the biggest concerns report they frequently have difficulty obtaining the required number of voting shares for a quorum.

This seeming indifference, carelessness or outright ignorance of many investors, or their heirs, provides an enormous hunting ground for dealers in obsolete securities. Some economists estimate that upwards of \$50,000,000,000 of corporate wealth has been subject to foreclosure or reorganization in the past decade or two. Much of this represents solid assets which find their way into that shadowy financial forest behind the conventional, active markets. Approximately \$1,000,000,000 cash, according to available figures, is now lying in banks or public vaults, salvaged from defunct concerns and waiting for rightful claimants, many of whom probably are unaware of their title.

Stockholders forget

IN searching court records recently on another case, a Smythe investigator stumbled upon a large sum which had lain in the court's possession for many years following liquidation of a corporation. The whereabouts of the owners of large blocks of shares in the company were unknown, hampering the court's attempts to distribute the money.

Smythe & Co. eventually traced a great number of the share-owners who were rich and didn't know it.

So overjoyed were many that they agreed to a generous division with their benefactor.

Such incidents are not frequent, but they emphasize the possibilities of salvage in enterprises which succumb at the rate of 100,000 or more a year. Apart from the obsolete securities market, there is another vast pool of wealth awaiting the owners. In the U.S. Treasury, as of November, 1946, some \$261,000,000 was lying, unclaimed by owners of matured bonds, or their heirs.

Interest on these bonds has ceased, hence there is no practical reason for investors not collecting. Yet for generations the total has been piling up.

With the national debt—mostly represented in bonds—now well past \$250,000,000,000, the amount of unclaimed wealth in Uncle Sam's coffers is almost certain to reach stupendous figures.

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Neither Force Nor Will . . .

(Continued from page 34)

of law with a Washington policeman, who said that the car in which the jurist was being driven by a pretty young woman had made a right turn out of the wrong lane. The turn was admitted, but the policeman's authority in the premises was disputed:

"Do you know who I am?" asked the Justice.

"Yes, sir," said the policeman.

He got the decision. Mr. Justice Murphy put up the \$10. The nine men are set apart from the rest of us by their eminence, because the Court is the most formidable legal tribunal in the world. If space permitted it would be interesting to review the high courts of the other great nations. They are also one third of the government of the United States independent of and coordinating with the executive and legislative branches. They cannot tell Congress what Congress must do, but they can tell what Congress must not do. The Court has no power with which to enforce its mandates. Congress often disagrees with what the nine men do. But Congress has no power over them. If four of the nine agree with Congress the majority of five has the authority. Congress has tried to work out an antidote against this for years and has failed. Even if Congress could discover some way to evade law-giving by one man—that is the arithmetic of the situation—the Court would not obey.

Presidents have told the Court to go jump in the lake. The Court in every instance merely stood pat. In the end, the Court was obeyed, because the Court is The Law.

Authority is necessary

AUTHORITIES on matters of statesmanship agree that the stability of the republic rests on the constant authority of the Court, which is in fact a symbol of our willingness to obey the law. Take away The Law and our 140,000,000 people, possessed of every scientific and mechanical knowledge and incredibly dangerous weapons, would become the equivalent of 140,000,000 gray apes yowling with hydrophobia.

The Court may even be suspected of a stern and profoundly legal sense of humor. It is unlikely that any one of the nine so much as winked at any other one when the Court bumped John L. Lewis

down in his dictatorial chair so hard that the labor leader completely lost his words, which is a phenomenon never before reported. A lower court had granted an injunction prohibiting the United Mine Workers from going on strike and thereby breaking their contract with the Government. For violating the court order Lewis was fined \$10,000 and the UMW \$3,500,000. The Supreme Court by a majority opinion of seven to two held that the fine imposed on the union was excessive, and reduced it to \$700,000.

That was for getting sassy with the lower court.

But, on March 14, the Supreme Court supplemented this decision by a further order requiring Lewis to rescind his notice of termination of his contract with the Government by March 25. It was not stated in so many words but it was evident that if he thumbed his nose at the Supreme Court his miners would pay the \$2,800,000 balance on the original fine. Lewis thought it wasn't worth it.

Frequent disagreements

BUT the nine men do not get along with each other. In their daily intercourse—in the magnificent dining room where they eat their frugal lunches, in the corridors, during infrequent calls at each other's chambers, filing black-robed to their seats at the high bench in the courtroom—they are courteous and dignified. They are not warm, but they are not cold. They address each other as "Felix" and "Hugo" and "Frank" and "Bob." They smile. But the few friendships of the nine men are tepid. Their animosities are violent. Their conferences in the sombre, mahogany-paneled room where they meet to discuss the decisions the Court is about to hand down—and the opinions of the Justices who disagree with the opinions—are sometimes definitely noisy. Passers-by in the marble and muted corridor can sometimes hear what appears to be shouting through the great doors.

The Court has split more decisions than any other Court in our history of 158 years. More dissents have been registered to the opinions signed by the majority. More concurring opinions have been handed down in which the concurrence faintly resembles criticism. Dissenters have dissented not only

from the majority opinion and the minority opinion but from each other. One of the consequences has been that the present Supreme Court of the United States is under almost constant criticism from every angle. The Justices themselves do not discuss these attacks. The curtain of silence that protects the Court is almost impenetrable. But many lawyers who have dealings with the Court regard these constant differences as an evidence of strength rather than of weakness.

"The present Court may never be known as a great Court," was one comment. "Great Courts are made by great causes, just as are great men. The future historian may recognize that this Court is dealing with an infinite number of important little things during an era in which the dangers we see and recognize are probably outnumbered by the dangers we do not see. Hence the Court's passionate discussion of what may seem to be trifles and its unending splitting of hairs. Now and then it dodges an issue in the apparent hope that time will take care of it. It does not hesitate to toss a precedent into the ash can, although this happens more rarely than the Court's critics believe. It has reversed itself. It is liberal in its attitude in the sense that not one of the Associate Justices can be labeled as a conservative. But it would astound you to discover how furiously the liberals fight over the facets of their liberalities. In short, it is a very human Court.

It is probable that a better word than "bickering" might be found for the dissensions inside the walls. It should be made clear that the disagreements over points of law are not based on petty personal dislikes. Men who are on the most formal terms often join in agreement. It is probably true that, when they are in disagreement, they are more vehement. The Justices of the Supreme Court are all high-powered individualists—opinionated, stubborn, confident, and shrewd. It is not necessary to say that they are men of integrity.

Mr. Justice Reed

WITH the exception of Mr. Justice Reed they all came up the hard way. Justice Reed cut his teeth on a moderate-sized silver spoon. He was able to finish his legal education with a tour at the University of Paris after having taken honors in American universities, but it left no ineffaceable traces on him. He came home to

serve four years in the Kentucky legislature, went into general practice, and had a fling at American Legion politics, in which no holds are barred. In 1929 he became general counsel of the Federal Farm Board, in 1932 took the same position in the R.F.C., and then became Solicitor General of the United States.

It can hardly be said that he led a sheltered life.

Mr. Chief Justice Vinson

THE other eight Justices came up through schools in which, if you did not hold your own, you were stuck with someone else's baby. Mr. Chief Justice Vinson was city attorney of Louisa, Ky., when he was 23 years old. He has been in politics ever since. He has been somewhat erroneously known as a conciliator, but a gutless conciliator could not conciliate. The Chief Justice roars and bangs the mahogany when it seems advisable. He was named to the Supreme Court for the express purpose of making the Associate Justices behave. That appointment centered attention on the fact that they did not always behave. Up to the current record they have been behaving; perhaps feeling him out.

Mr. Justice Black, 61, is hard to slap down in the Court's conferences. He was a Klansman and a judge of the police court in Birmingham, Ala., when he was 24. He is not diffident or shrinking in his operations. He believes firmly in the doctrine "attack, always attack." One of the most industrious of the Justices, he prepares his opinions down to the last citation, and then he goes at it hammer and tongs. He is regarded as brilliant, rasping, full of strategy and kidney punches.

Mr. Justice Frankfurter, 53, eloquent, fairly drips laws and precedent and is so voluble that some call him verbose. He often gets under the skins of his eight associate justices. He might, perhaps, be considered the most eminent lawyer on the Court—this rating being accepted or denied in relation to the liking the speaker may have for Judge Frankfurter. His associates are rarely neutral in their judgments. He came to this country as an immigrant of 20 and, when he was 40 years old, "Frankfurter's Happy Hot Dogs"—the more brilliant of his students at Harvard—had been interleaved in almost every department of the then young New Deal. His Sunday morning breakfasts, attended by a selected few bright young coun-

selors, leave an indelible mark on the Government. Frankfurter likes to play politics, although he maintains an unconvincing modesty.

Mr. Justice Douglas, 49, scrambled for an education, once hoboed from the West to the East Coast, is just a taste edgy in temper, and either has political ambitions, or some newspaper friends see Douglas as an ornament to any post.

Mr. Justice Murphy, red-headed, 57, taught law in a Detroit night school when he was 24, went right into politics of the warmly sympathetic kind, sustained the sit-down strikers when he was Governor of Michigan and is not happy in the Supreme Court.

He did not want to accept his assignment. He could have more fun and bruises in the active practice of politics. But Jim Farley persuaded him to resign his position as Attorney General of the United States and he was moderately content in the Court until some one told him that he would make a fine Secretary of War. Mr. Justice Murphy agreed with this judgment until he learned that Mr. Justice Frankfurter was earnestly trying to promote him off the Court in almost any direction. It is now regarded as probable that Murphy is a fixture. After all, a salary of \$20,000 during good behavior—only the Senate of the United States acceptable as a judge of good behavior—is not to be sneezed at. Mr. Justice Murphy enjoys occasional forays into society and, when a case stirs his sympathies, his comments are sometimes biting.

For ethics and morality

MR. Justice Jackson, 55, is kindly, sympathetic, and even tempered. Like some other even tempered men, his graph sometimes shows high and sharp pinnacles. He does not arouse over trifles. He would not, for instance, yank at his horse's bridle on his morning ride or bang on his water glass if the table waiter were inattentive. If the waiter were discovered in the act of striking a child it is hypothetically possible that he might toss the waiter through the largest available plate glass.

His angers are aroused by what he considers violations of the rules of ethics and morality. He began his legal life by shooting at the largest local targets in Jamestown, N. Y., became Solicitor General and then Attorney General of the United States under President Roosevelt, might have become Governor of New York if the Democratic bosses had leaned his way,

and is in as great demand by bar associations as an orator as Frankfurter. And, possibly, more so. He uses short, sharp words while the former immigrant boy runs somewhat to heavy language. His affair with Hugo Black and his success as prosecutor of the German war criminals at Nuremberg are fresh in public memory.

That accounts for seven of the nine justices.

Mr. Justice Rutledge, 53, and Mr. Justice Burton, 59, are the most recent additions to the Court. The former took his seat in 1943, having been a teacher of law throughout his active life, except for two years in practice. Mr. Justice Burton has been a practicing attorney, soldier, politician, mayor of Cleveland, Ohio, and United States Senator. The two are bracketed because they are the youngest in point of service and as freshmen on the Supreme Court are just a trifle underprivileged. They are frequent and hearty dissenters, well seasoned in the law.

Politics is ignored

THE average age of the nine men is 57 years and eight months. All are in good health. All are incredibly hard workers. Mr. Justice Burton is the only Republican and the only one to be appointed by President Truman. The party line has never been in evidence in any decision by the Court or, for that matter, in any of the dissents, minority opinions or concurrences. Although eight of the nine were appointed by President Roosevelt, who was never blind to political advantage, lawyers who appear before it state that the present Court ignores political considerations completely. This has been true of every other Court, with the possible exception of the Court which sat in the turbulent days immediately after the Civil War. Eight are married—and live happily with their wives. Mr. Justice Murphy is a bachelor.

The question then arises:

Granted that they are, without exception, extreme individualists, accustomed to the exercise of authority in previously held posts, self-confident, and fluent, slight differences of opinion are to be expected. But the nine belong to the same school of political thought. There is no such split as in preceding Courts between conservative and radical wings.

This Court is splitting all the time. It is highly probable that at one or another time every man has differed with every other man.

Perhaps it is because the Court is made up of comparatively young men that these differences have been more vigorous than tradition reports of any other Court in current memory. Yet no great constitutional problem has been brought before this Court for decision. No great one, such as arose in Mr. Chief Justice John Marshall's time. These questions had been fairly well disposed of when Mr. Chief Justice Charles Evans Hughes retired. The work of the Court is not man-killing, thanks to the streamlining under Mr. Chief Justice William Howard Taft. He made an active instrument of the writ of certiorari and today's Court is able to sift out the unimportant cases which used to keep the docket 24 months behind the day.

One reply to the query was given by a great attorney who, except for a political fluke, would be sitting on the High Bench today.

"The law," he said, "is not an exact science."

Cases seem smaller

THE Court's docket is loaded with a multitude of relatively small cases. Not one is unimportant. But, as compared to the great causes which came before the Court in times past, today's cases are small. It was important to Jehovah's Witnesses, for example, that they be permitted to sell their pamphlets freely on the streets. When the decision went against them, the Witnesses made no real trouble about it. Not many of our people gave the case a second thought.

When the Court reversed itself and gave the Witnesses the right of way, not many people remembered the decision the next day. A murderer named Milligan made legal history in Civil War times when the Court ruled that an Army court-martial could not supersede the civil courts. Milligan is in every lawbook. But Mr. Justice Frankfurter held that a group of confessed and convicted murderers must be set free because the arresting police had listened to their confessions before they had been properly arraigned.

That decision may have been as important as a crop failure. But it is to be doubted that many policemen remember it. There is a growing sentiment in police circles that the third degree is not regarded as the "due process of law" of which the Constitution assures us. It is possible that this is as much due to J. Edgar Hoover's police college in the FBI as to Frankfurter. By a majority opin-

ion, the Court refused to deport Harry Bridges, Mr. Justice Jackson refusing to take part and Mr. Justice Frankfurter dissenting. Mr. Justice Murphy turned in a flaming opinion to the effect that it isn't legal to deport Communists anyhow. But the case did not rank with that of Dred Scott, to seize an instance out of the past.

"Most of the Court's docket today"—to quote again from the man who might have been on the Court himself—"consists of cases that come up from business or in which the construction of administrative law is involved."

All important, or they could not get through the certiorari screen.



Mr. Justice Frankfurter sustains the speaker:

"As late as 1875 more than 40 per cent were common law cases. Fifty years later only five per cent, today cases not resting on statutes are reduced almost to zero. It is, therefore, true to say that courts have ceased to be the primary makers of law in the sense in which they legislated the common law. It is certainly true of the Supreme Court that almost every case has a statute at its heart or close to it."

The cases that come before the Court today are likely to be packed full of anger. The construction of a phrase in the Constitution may affect the life and happiness of every citizen in some remote and seemingly indefinite way. But when Jones charges that Smith has cheated him, both Jones and Smith put their hearts in the case at law. With every victory or reverse as the case moves toward the Supreme Court, Jones and Smith grow angrier.

Thanks to the certiorari screen only the more significant cases reach the High Court. When the decision is finally handed down,

the side that has taken a beating cries murder and even the winning side may complain that it did not get its full due.

It is possible that—except in cases involving constitutional problems—no Supreme Court has ever been as bitterly criticized.

Times have changed. An immense flood of new legislation has poured over the country. There are new conditions and new problems. The war produced novel questions that had never been thought of before. It is no secret that some members of the Court are not happy over what they fear was an invasion of the presumably inviolable rights of the citizen under the strain of conflict.

Precedents can be changed

THE Court is likely to defy a precedent on any decision day and lawyers complain bitterly that much of what they learned during their years of study is now useless. The Court of previous years overruled one precedent every three years from the Civil War to 1932. The present Court has averaged about two smashed precedents a year. The Justices would say—if they would talk—that the precedents were bad precedents. They would affirm that they do not make new laws by reading something into a legislative act that is only doubtfully there.

They would say—for public consumption—that, above all things, the Supreme Court does not make a new national policy.

For not quite such public consumption some of them, at least, admit that the Court cannot help establishing policies. Men are what they have eaten and thought and read all their lives. When Mr. Chief Justice Hughes said, "The Constitution is what the Court says it is," he must have had that in mind. The late Frank J. Hogan, then president of the American Bar Association, once said that "upon the graves of the old constitutional doctrine new ones were erected, monument-like in present appearance but, if history repeats itself, of doubtful durability."

Times change. Courts change with them.

Mr. Roosevelt's most serious defeat was when he tried to "pack" the Court. The present Court unquestionably follows the New Deal current, but in an each-man-for-himself, high-tempered, free-for-all way. The nine are always in the current, but every one of the nine has at one time or another struck out for the bank.

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Reading for Pleasure or Profit...

"The Red Prussian"

By Leopold Schwarzschild

THE undignified biography of Karl Marx becomes, in this book, highly entertaining. Schwarzschild sets out with gusto to show that the father of Communism was an angry fraud.

Brilliant son of a provincial lawyer, Marx found his career slowly; first he failed as a poet, lazed in beer halls, and at last approached economics through an interest in Hegelian philosophy. Abstract ideas, not human life, were his starting point as an economist. He began, the author charges, by assuming that capitalism was doomed, that class war and socialism were inevitable. Then years later, reversing scientific procedure, he got around to "proving" the point in "Das Kapital."

Such intellectual dishonesty was but one of several unpleasant Marxian traits. Vindictive and slanderous, we are told, Marx lusted for personal power. "I will annihilate you," he would shout at strangers, laughing uproariously.

Most of his life was given over to destroying the reputation of other radicals, so that none but he could lead the socialist movement. Some he attacked for their "humanitarian sentimentality"; another he defamed as a "Jewish nigger."

Exiled in London, plagued by boils, poverty and paranoia, he at last destroyed the First International which he had founded, rather than play second fiddle.

Love for mankind, Schwarzschild maintains, was never Marx's motive. He hated democracy and despised peasants, calling them troglodytes; favored war, especially on little Denmark, because disorder would hasten the revolution.

"The Red Prussian" (Scribner, 597 5th Avenue, New York; \$4) is plausible, informative, delightful to read.

But in making Marx more monster than man, in presenting his

theory as sheer nonsense, it only piques the curiosity as to his power and his abiding influence.

"The Dark Side of the Moon"

Anonymous

THIS is a history of the Russian invasion of Poland at the beginning of World War II. Readers will learn the fate of more than a million Poles who were shipped to torture and death in Siberia. Many descriptions are by the victims themselves, some of whom escaped in 1941 when it became convenient for the Soviets to placate Poland.

Like atrocities were familiar under the Nazis. But these, continuing today, are in one way more horrible than their German counterparts. The Nazi sickness was acute, so violent that even the murderers themselves half-recognized their own disease. But Soviet Russia seems to have quietly accepted its moral death; a numbed population has learned to expect concentration camps as an inevitable danger, like earthquakes.

The writer, a Polish patriot, attributes this stupor to the Russian national character. And, in magnificent prose, she draws parallels between the brutal Russian landscape, the bestially low living standard which the people have always endured, and the present dull cruelty of the regime.

T. S. Eliot contributes a preface (Scribner, 597 5th Avenue, New York; \$2.75). Mr. Eliot recommends it for its account of that cultural difference between Soviet Russia and the West which makes international conferences so futile.

"Man Against Myth"

By Barrows Dunham

EVERY age has its great philosophical platitudes which people repeat to avoid the danger of thinking. Often the ideas are not even mentioned, but fume quietly in the bottom of the mind like in-



exhaustible smoke-pots. Witty and original, "Man Against Myth" (Little, Brown, 34 Beacon Street, Boston; \$2.50) examines these drowsy notions in our own time.

One is the dogma that "you can't change human nature." Here as in other cases there is a grain of truth from which the comforting illusions have been made to grow. Nowadays, the author shows in fine detail, this principle is used to excuse a host of specific evils, to blame on human nature the faults of society. A similar bromide is "the rich are fit and the poor unfit," the pseudo-Darwinism which is now popular because it condones conditions in society which are appropriate to the jungle.

Again, we avoid facing our social and moral problems, the author says, when we assert that "there are two sides to every question," "thinking makes it so," "you've got to look out for yourself," "words will never hurt me," "you cannot mix art and politics," and finally "you cannot be free and safe." It becomes clear that each of these tired phrases represents a cluster of defensive thoughts, all useful for escaping reality.

"Man Against Myth" is for the reflective reader, the amateur philosopher who would dig beneath the after-dinner speech to find the roots of its ideas.

"Let's Be Human"

By John L. Beckley

RECOMMENDED for bus and street-car reading, this little book puts Dale Carnegie truths in capsule form, garnished with pleasant cartoons. Particularly addressed to employers, it outlines seven steps for increasing your ability to handle people.

A social vitamin, "Let's Be Human" might be helpful to keep in your desk drawer. Some employees will want to give it (anonymously) to the boss. (Duell, Sloan and Pearce, 270 Madison Avenue, New York; \$2).

"Disposing of Henry"

By Roger Box

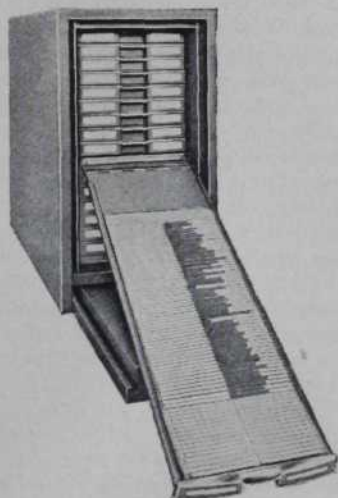
A NEW author presents a smooth, grisly, edifying tale, ten easy steps from crime to punishment. Lovely Denise and her handsome lover dispose of moneyed, amiable Henry. They botch the job, but don't expect to solve this one yourself unless you wear a wrist watch. Slick plot; conscienceless people; English scene. (Harper, 49 East 33rd Street, New York; \$2.50).

—BART BARBER

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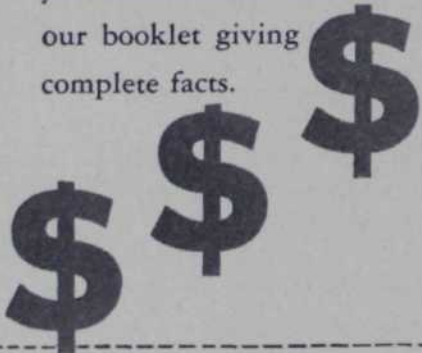
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I'm interested in a bank loan on inventory.
Please send me a copy of PROFITS ON
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NB-6-47



Odd Lots

By Reynolds Girdler

Rumor Denied

NO, President Truman did not wire his congratulations to Wall Street for its success in bringing down prices in the big spring break. That was just a gag, thought up by some anonymous wit. Wall Street, where spirits droop with prices, can use a laugh now and then.

★ ★ ★ ★ ★

Voice of the Stockholder

THE time of the singing of birds is also the time of the annual meetings of thousands of American corporations. And at these meetings the voice of the stockholder is softer than the voice of the turtle.

Corporations are legal entities. As such, their business must be transacted in the language of their creators—the lawyers. Thus the minutes are read, officers and directors elected, resolutions adopted in the tortured, involved sentences that lawyers write. In most cases, too, the company president makes a few remarks of a general nature.

Not much goes on at the average annual meeting. So only a few stockholders and a few representatives of Wall Street firms ever attend. Questions are seldom asked. No one asks the company officers, for instance, why more effort was not made to resist the ever-recurring union demands for more and more of the stockholders' money.

Once upon a time, the stockholders' interests were represented by the investment bankers who underwrote the securities bought by the investor.

But the New Deal changed all that, leaving the stockholder as America's displaced person, a probable candidate for the Hundred Neediest Cases.

★ ★ ★ ★ ★

Hats of Many Colors

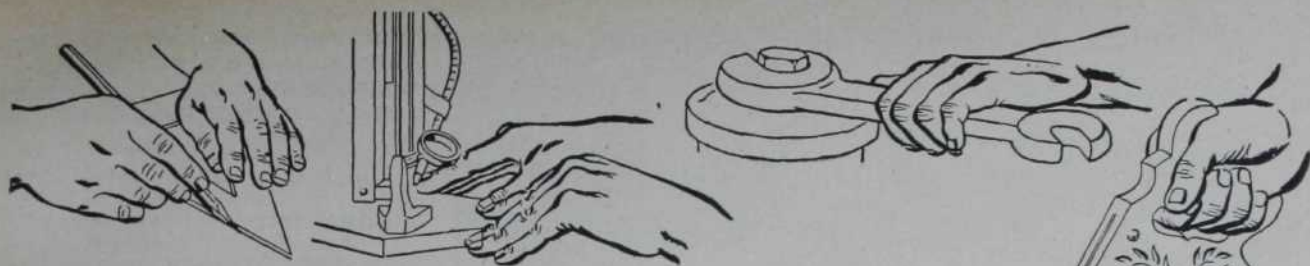
TWENTY-FIVE years ago the New York Curb brokers came in off the Street.

With this move they drained a lot of color from the financial district. Now, to celebrate a quarter-century of having a roof over their heads, the Curb members have issued a commemorative booklet. The booklet is blue, silver and sedate.

But, praise be, it includes a number of old pictures. These pictures are as nostalgic as a steam locomotive whistle heard at night. They show the hardy Curb brokers up to their ankles in a snow blizzard, wilting with work in the summer's heat or dripping in the rain.

But, through it all, they wear their hats of many colors. These were not just badges of a trade, like the sincere ties worn by the hucksters of radio. They had a practical purpose. They enabled the clerks, hanging in the windows, to spot their brokers, catch their hand signals and in turn signal buy or sell orders to them.

Come to think of it, this outdoor market had another value. Out-of-town visitors could see that here was just another familiar farmers' market. Though securities, not corn and beans, were bought and sold here, it was obvious that the function was the same. Now the Curb Exchange is cool with air-



Chicago and Northern Illinois ... Hands with Varied Skills and Vast Experience

There are two and a quarter million factory and office employees possessing more than 2600 different main classifications of skills in Chicago and Northern Illinois ... *home of the most diversified and experienced men and women in the world.*

More than 12,000 various industrial, transportation and service establishments in this area, utilizing the skills of this great labor force, produced and delivered ten billion dollars in products each year during the war.

All the important skills required for low cost manufacture and development of products are present in this area. Records of the United States Department of Labor confirm the great diversification found here. In just one group of a quarter million men and women are experienced tool and die makers, machinists, millwrights, bench assemblers, set-up men, inspectors, finishers, and cutters. Almost a half million workers in Chicago and Northern Illinois have a substantial amount of industrial experience. Here, also, are 150,000 people skilled in the operation of the far-reaching transportation facilities, *finest in the world.* It would be impossible for workers in a region dominated by one or only a limited number of industries to gain the broad experience found in craftsmen here.

Home of over a half million clerical and professional "white collar" employees, Chicago and Northern Illinois offer these people access to the greatest number of professional and trade schools and research facilities in the world. These schools help equip the employees with the scientific and economic background necessary to meet the problems of world-wide competition.

Employees in this area are exceptionally stable. Nearly 70 per cent of them were born in Chicago and Northern Illinois ... *the largest percentage of native workers of any major industrial center.* These employees are high in education, too, since the proportion of high school graduates is larger than in any other great industrial area. It is this tremendous force of educated, experienced and stable workers which has trebled this region's industrial output since 1939.

The good pattern of industrial relations has been developed by fifty years of experience at the conference table. Sound collective bargaining by experienced leaders has consistently reduced the amount of time lost from labor disputes. At present, the proportion of man-hours lost is substantially less than the ratio of the country as a whole.

The diversity and experience of employees in Chicago and Northern Illinois is another reason why these companies, with a long record of service in this area, have great confidence in its future.

Industries in this area have these outstanding advantages: Railroad Center of the United States • World Airport • Inland Waterways • Geographical Center of U. S. Population • Great Financial Center • The "Great Central Market" • Food Producing and Processing Center • Leader in Iron and Steel Manufacturing • Good Labor Relations Record • 2,500,000 Kilowatts of Power • Tremendous Coal Reserves • Good Government • Good Living • Good Services for Tax Dollars
Send for free booklets containing useful information on these advantages.

This is one of a series of advertisements on the industrial, agricultural and residential advantages of Chicago and Northern Illinois

TERRITORIAL INFORMATION DEPARTMENT

Marquette Building—140 South Dearborn Street, Chicago 3, Illinois—Phone RANDolph 1617

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Selling Scenery

The snowcapped mountains, rushing rivers, crystal lakes and verdant forests—the fertile fields and rolling plains—the giant dams and varied wonders of the Pacific Northwest—all bring a flood of tourist dollars to this year-round vacation land.

Washington's tourist trade is an industry ranking closely with the state's agriculture, timber and fisheries. Its revenues support many specialized lines of business and contribute to the prosperity of other industries.

Why not plan to visit this wonderland on your next vacation trip?

Serving this evergreen playground, the Seattle-First National Bank assists in financing many of these activities. Many who come to play remain to invest.

A QUARTERLY PUBLICATION of this Bank, giving a careful review and digest of business and industrial conditions in the Pacific Northwest, will be mailed to you upon request.



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Main Office — Seattle
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Member Federal Reserve System

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conditioning, efficient with all the latest gadgets, dignified by marble and stone. It has rules, regulations and strict procedure. In short, it is an Institution.

★ ★ ★ ★ ★

Biggest Issue

WAS THE RECENT \$200,000,000 AT&T financing the largest issue ever floated in Wall Street? That question started a lot of arguments. These could be resolved only by hair-splitting and precise definitions.

Certainly it was the largest issue ever put up for competitive bidding. The issue was won by a group headed by The First Boston Corporation and Halsey, Stuart. But back in 1921, J. P. Morgan underwrote a larger amount of bonds for the Great Northern and Northern Pacific railroads, jointly. Now in Wall Street language, this was a "railroad" issue. This left to the AT&T financing the claim of being the largest "corporate" issue ever floated.

Anyway, \$200,000,000 is a lot of money and the deal called for a lot of work. About 200 firms joined with the syndicate heads to bank the issue. Group managers labored far into the night to get the proper bid. Then they met again early next morning, settled final details. The winning group took no chances on their bid not being received. They sent two emissaries by separate routes from Wall Street to the Telephone building. Less than a week after being awarded the bonds, the bankers handed the \$200,000,000 to the AT&T, which will use it for expansion purposes.

★ ★ ★ ★ ★

Take It Back

NOW the Dow theorists have red faces. Less than two months after announcing that a new bull market had started, they had to take it back. So, according to the precepts of Dow, we're still in a bear market. At least that was true when this column was being written.

★ ★ ★ ★ ★

The Brettonwood Tree

WALL STREET has now been lengthened to run through Bretton Woods. No stranger union outside the odd bedfellows of politics has ever been seen.

Bretton Woods, you will remember, was the term used to designate the great financial scheme which would remake the postwar world

into Utopia. As conceived by New Deal economists (with more than a little help and nudging from Lord Keynes) it established a Fund to stabilize postwar currencies, a Bank to make reconstruction loans.

New Deal publicists of all types were used to sell the scheme to the public. Shrillest of the lot were the women economists, women college teachers and women financial writers mobilized in its behalf. As part of their tactics, they smeared U. S. bankers.

Now the World Bank, as it is called, has started operations. Heading it are not New Dealers but a Wall Street lawyer and a Wall Street banker. Even the organization named to handle its public relations is of Wall Street.

★ ★ ★ ★ ★

Who Buys and Sells?

THE STOCK EXCHANGE study on the state-by-state origin of stock and bond orders is now out. And most of Wall Street thinks the study is out of kilter.

According to the study, half the orders originate in New York. Any wire house with offices in the principal industrial states knows that this just isn't so. True, the New York office will originate more business than any other. But its volume will not be as great as all other offices added together. Similarly, when banking syndicates sell a new issue nationally, it is not true that half the bonds are taken by New York, while the other half goes all over the country.

The statistical error probably arises from the manner in which the data were provided to the Stock Exchange. Thus a New York firm's business for the week studied would count as 100 per cent New York origin. But, if you would examine each order reported in the firm's volume, you would quickly see that many have their true origin elsewhere.

But Wall Street agrees that the general ranking of the states, as shown by the Stock Exchange study, is correct. Ten largest states, in order of their importance: New York, California, Illinois, Pennsylvania, Massachusetts, Ohio, New Jersey, Florida, Michigan, Missouri.

★ ★ ★ ★ ★

How to Win Friends

WALL STREETERS, who have always had and always needed a sharp sense of humor, long ago latched the phrase "We the People" to the many-named firm of



...keeps MEN in action!

If let-down fatigue hits your office or factory, ahead of quitting time, you should do something to stir things up! Start with the stagnant, muggy air that engulfs your workers like a heavy blanket. Keep air in motion—to keep people in action—with Emerson-Electric Fans and Air Circulators. In many an office and factory these sturdy fans actually pay for themselves in increased efficiency and improved employee-relations. Ask your Emerson-Electric Dealer to suggest the most efficient and economical equipment for your particular air-moving problem.



An EMERSON-ELECTRIC FAN for Every Air Moving Job

If yours is a business where greater comfort for customers, visitors or workers will help business, there's an Emerson-Electric Fan to do the job—direct-drive exhaust fans in five sizes from 12" to 30"—heavy-duty belt-drive exhaust fans in 48", 42", 36" and 24" sizes—dependable desk fans with 10", 12", 16" blades—air circulators (large illustration) 24" and 30" sizes with 4 styles of mountings. Write for Folder No. 455.

THE EMERSON ELECTRIC MANUFACTURING CO.

St. Louis 21, Mo.

EMERSON  **ELECTRIC**
MOTORS · FANS · APPLIANCES

What kind of copy sells the Farm Market?



No. 1 readership study of farm publications reveals vital facts for sales-minded executives

● This first new study of farm market readership proves that farm folks want facts and reasons—why instead of generalities in advertising.

Selected for the first of these scientific studies, The Ohio Farmer demonstrates the family-wide reader interest in carefully edited farm publications. It shows how thoroughly the farm press covers all the activities of farm folks. It reveals a pattern of reader interest that can aid in the preparation of farm publication advertising.

Coupled with established facts about the farm families of *The Golden Crescent*, The Ohio Farmer Survey brings a new understanding of the importance of this vast market. In Ohio, as in

Michigan and Pennsylvania, farms are close to marketing areas, which means shorter hauls for cash crops, more money spent in city stores, urban tastes and preferences in buying.

Your product can take a short-cut to well-to-do farm families with only three publications, reaching two-thirds of these families in the rich *Golden Crescent*. You can test the importance of the farm market at minimum expense, through the Michigan Farmer, Ohio Farmer and Pennsylvania Farmer. May we tell you more?

Write for your copy of Study Number One

THE OHIO FARMER
Capper-Harman-
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Conducted by
The Advertising
Research Foundation



The Golden Crescent

"Your distribution may be national,
but your selling is always LOCAL"

Copyright 1947, Capper-Harman-Slocum, Inc.



OHIO FARMER
CLEVELAND

MICHIGAN FARMER
EAST LANSING

PENNSYLVANIA FARMER
HARRISBURG

Merrill Lynch, Pierce, Fenner & Beane. That firm has since picked up the phrase and converted it into a compelling institutional advertisement.

Now "We the People" have ridden to the rescue of the average investor. The firm has issued a booklet which actually tells you how to read a financial report. Apparently many a poor stockholder, bewildered by the legalistic abracadabra thrown at him by his companies, has longed for just such a helper. Even before Merrill Lynch advertised the booklet, the firm was deluged with requests for it. It's really something to read. It takes up each item in the balance sheet and explains it in words of one syllable.

Homely examples are given to clarify the significance of individual headings.

★ ★ ★ ★ ★

April in Oslo

BY THE TIME you read this, the Kingdom of Norway will have sold \$10,000,000 of bonds in the U. S. As one financial writer at the announcement press conference phrased it, "But that's not much money, is it?"

It isn't much money. And Norway has an impeccable credit standing by reason of its fair treatment of creditors. But it's enough to stir memories of other days. . . . Of days in Budapest, for instance, whither the Hungarian Government had summoned representatives of a number of American investment firms, so that every time you went into the dining room you ran into a competitor . . . and the banging of the typewriter in the next room told you that a Wall Street lawyer was dictating a trust indenture designed to bind a sovereign nation to its obligations.

The high coupon rate on foreign bonds should have warned of the risks involved. Often, however, they just tempted the small fellow who insisted then (as he does today) on a high return. The Case of the Foreign Bonds has been argued *ad nauseam*. But the record remains grim. Of the \$10,000,000 originally borrowed here by foreign entities, \$4,456,817,071 are still outstanding after some retirements and more adjustments. Of this amount, 45.8 per cent are still in default. The government issues were the greatest defaulters: 58.5 per cent. Of bonds of European origin, 86.8 per cent are in default; Latin America, 60.1 per cent; Canada, 0.3 per cent. Maybe this fraction is the measure of socialism in Canada.



Management's stake in the new National Guard

ONE evening a week—every week. Two full weeks out of every fifty-two for summer field training. National Guardsmen give this time willingly. In company with other business leaders, you can actively encourage their aims by granting your Guardsmen-employees the needed time off—at no sacrifice of their incomes or vacations.

Your stake in the National Guard is twofold.

First—the new National Guard is your insurance on Peace. Should this nation be attacked, that attack

would be swift and unannounced. The Guard—a trained force of Modern Minute Men—can spring to action on instant notice.

Second—the Guardsmen in your employ are building a broad experience that is of increasing value to them and you. They get instruction in all the modern arts of war. But—more than that—they develop new, latent abilities in workshop and office. They learn the basic principles of organization and administration. They are trained in the principles of leadership.

The new National Guard stands shoulder to shoulder with the Regular Army. Each has a job to do. National Guardsmen know this. They believe in their country and they are doing their share now to preserve the Peace.

★ ★ ★

The new National Guard is a Federally supervised force raised by the states. Its strength and composition, its training and efficiency are under the constant direction of officers picked by the War Department. There are National Guard units in every one of the 48 states, Hawaii, Puerto Rico, and the District of Columbia.

Listen to "National Guard Assembly," with Paul Whiteman, every Wednesday, 9 P.M., EDST, ABC Network.

The National Guard

★ ★ ★ OF THE UNITED STATES ★ ★ ★

On the Lighter Side of the Capital



Life a la American

THERE are some folks on Capitol Hill who think it is about time to stop playing kissing games with Mr. Truman. They do not complain of his lack of fervor. Any lane, they say, is Lovers' Lane to the President. He veers automatically, they allege, toward the leafy bowers of love. They only grumble that while he kisses, all right, he also kicks shins.

Which is only one way of saying that, although the President is bent on rescuing some of the juicier parts of the world from the Communist peril, he is also running like a quarter horse in the 1948 stakes.

This is all right with every one. Politics is played that way. No one would have it any other way. The day we stop trying to slip a crown of thorns on our neighbor every fourth year we can put a For Rent sign up on our democracy. For all the sighs of pain, life appears to be fair and sweet in that seismograph known as The Hill.

Silver in the lining

ONE theory of the present situation—it must be admitted it is not widely held; politics on The Hill is grim and earnest and the grave is not its goal—is that the faster Truman runs the more he slips back: "He made his best progress toward the Golden Apple in those weeks when he thought he was lost in the wilds," say these theorists.

It looked to some of the hasty statisticians that the Democratic Party was as moribund as the American bison just as a dozen or so years ago every one who could hold a pen was writing epitaphs for the Republicans. Mr. Truman enjoyed his happiest days in the White House. He was at last out of the Roosevelt shadow, he was free to bounce a lot of True Believers out on their sad ears, and he had

determined to be as good a President as he knew how to be and see the second term as a mirage full of heat and dry sand instead of cool refreshments.

Juiced up by Molotov

THEN Mr. Molotov put the fire under his samovar. Almost immediately he joined Sir Cecil Spring-Rice in the depths of depreciation—it was Spring-Rice, wasn't it, who stuck his large British hand in the hot water of our politics a generation or so ago?—and Messrs. Vishinsky and Gromyko blew on the coals.

So, and continuing to quote the theorists, Mr. Truman saw a chance of riding on the Sacred Cow for another four years, instead of the Pennsylvania Avenue cars, and lammed back into politics. The theorists say that the little mistakes he sometimes makes could be forgiven as the errors of a darn nice young fellow from Independence, but mistakes made by a candidate are never allowed to stay comfortably dead. Maybe so.

An old, old story

THE Truman doctrine seems to be assured of bipartisan support on The Hill, even if one senator did mutter a story first given circulation by the old New York Sun in the days of its Dana-given glory, and apply it to the present situation:

"Uncle Hiram," said the senator, "was morosely driving on the country road when he encountered a friend:

"'Where you going, Hiram?'" asked the friend.

"'This is Sat'day night' said Hiram. 'I always meet a passel of neighbors down to the grocery on Sat'day nights and we get drunk. And Criminey Moses, how I dread it.'"

Almost any senator who has time to stop and talk will say that he is tired of the counterfeit labels the country is sticking on the situation.

Like it always was

AND almost any senator will say off the record that power politics is being played by the Big Four. It has always been that way, the senator will say behind his hand. The League of Nations foundered on the rock of human nature and not because Senator Lodge gummed up President Wilson's scheme. A round-up of several senators of varying breeds would produce a conclusion something like this:

"You can't make stickum strong enough to hold the nations together out of love. Always some personal, political, national or selfish interest will pry them apart."

They all hope that the United Nations will upset this judgment. They think the U.N. is just beginning to find out what trouble is. They wish—no dissent evident here—that the too-nice people of the world would quit giving pretty names to what is nothing but tough, hard, and quite understandable power politics.

A line from Pepper

THOSE who commit their errors, if any, on the other side of the line retell with loud approval a story told by Sen. Claude Pepper. Mr. Pepper is a Democrat. If not of the serenest ray he is still a Democrat. In Florida he is a Democrat by geography.

Mr. Pepper narrated that as a large, muscular, somewhat non-discriminating son of a Methodist clergyman he visited the county seat one day. He got into a quarrel with a smallish, neat, kind of light-chested village boy.

For Pepper in this parable, read the Republican Party. For the village boy, read Mr. Truman. For that meeting in the soft dust of the village street, read the 1948 fix in politics. The Pepper boy advanced on the village boy, neat with his necktie and tan shoes and clean shirt. The village boy retreated:

"You just touch me," he shrilled at the juvenile Pepper. "You just touch me—."

"And I did," reminisced the senator, "and he darned near knocked my head off."

How the money goes

SENATOR McKellar—the Lilienthal McKellar—told a story that illustrates how the dollars seep out of the Treasury. Perhaps he did not intend that a moral should be



drawn from it. He said that, when the making of the atomic bomb was being planned, eight leaders in Congress were entrusted with the business of getting the money. Absolute secrecy was enjoined. One little whisper might blow the scheme. No one could invent a plausible explanation for the first instalment of \$800,000,000. In despair McKellar just put it in the appropriation bill. There it was, sticking out like a mashed thumb: "No one asked a single question."

Again to quote the late Mr. Frank Tinney's immortal utterance:

"Zip goes a nickel."

High brass dines out

THE Colonel here quoted was a combat flyer during the war. He is now one of those unfortunates who feels badly when they see federal dollars thrown out with the dishwasher.

"During the war," he said, "I took my 50 per cent graft without a murmur. I thought it was little enough to make up for the chances I was taking of having my nice head blown into hash on some mission. I didn't blame the brass for staying on the ground. Damn it, I would have stayed there myself if I could. Don't think I wasn't scared."

The "50 per cent graft" was paid to each fly officer who did four hours flying time in a month. It kept them flying and therefore alert and competent. The Colonel said the regulation is still in force. "Only" he said, "it goes now to the brass hats who like to fly to Boston for a fish dinner once a month. Two hours. They sit in the cockpit and sleep both ways. Fifty per cent of the brass base pay amounts to something."

It is so much more comfortable just not to see these things.

We always live through it

IT IS too bad he cannot be quoted. He is one of the foremost experts on labor. No one dissents from that statement. If his name could be used, every reader would recognize it. He was reminded of the optimistic farmer during a Maine spring:

"I've noticed that if I live through March 15 I'm mighty likely to get through the rest of the year."

Old, yes, but the moral is fresh

as paint. He sees a permanent peace—or a permanent understanding—between labor and management as a certainty for the future. No more big strikes. Maybe a few little try-on strikes. He has tales to tell to prove it.

High cost of a king

THE President is paid \$75,000 a year as salary and \$25,000 for expenses. It is doubtful if he cleans up more than enough to keep up the payments on his annuity policy, even if he does not present honored visitors with anything more valuable than an autographed photograph. Mrs. Grace Coolidge recently reported that after Calvin Coolidge retired from the presidency he often did not speak a word for two months at a time. He may have been brooding.

We face the possibility that we may have to come through with a lot more than that to keep King Paul of Greece in the style to which he hopes to become accustomed. When he was only a prince, with only the possibility of succeeding to a bankruptcy, his annual outlay came to \$400,000. Whatever he spends will come in one way or another out of the American taxpayer, because all the Greek revenues will go into one pot.

It worries the hill

It worries the hill

THESE distasteful financial details are adding wrinkles to the congressional brow. As they see it on The Hill, expenses of this nature will be passed on by the State Department, and they complain that the Department does not tell. At any rate it does not tell Congress. Mr. Harness of Indiana and the Foreign Affairs Committee said:

"I have here a secret document furnished us, and for safety, for fear some of you would try to look into it, I have sealed the pages with Scotch tape. This secret policy of the State Department is idiotic and insulting. It is carried on, as Mr. Clayton said, because it might cause embarrassment or resentment in other countries if we mention where we are going to provide certain relief—"

But all of the secrets leaked from the Department. "The only people," Mr. Mundt added, "who are not permitted to reveal the secrets of life to Congress are the humble servants you have on the Foreign Affairs committee—"



You get
the most
out of a
busy day



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Few people associate the priceless museum pieces of *Wedgwood* china with South Carolina. But chances are the kaolin Sir Josiah molded came from there. As early as 1766, Sir Josiah and other potters shipped wagonloads of this fine "porcelain earth" to their workshops in England.

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South Carolina

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HYCAR helps harness 3500 horsepower



Barrett Gallagher photo

157 American rubber parts in huge Pratt & Whitney Wasp Major

RESILIENT parts—157 of them—made from HYCAR American rubber help control the enormous power of this new aircraft engine shown here in a test cell. HYCAR is used because seals and packings have to be resistant to oil and gasoline. They must retain their exact shape under all conditions, including temperatures up to 350° F.—must be light weight, yet highly abrasion resistant. And they must stay resilient.

Parts made from versatile HYCAR American rubber have all these properties—and many others. For example, kitchen drain mats resist food acids and

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American Rubber

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THE BEST TEACHER!**
...AND IN SMOKING TOO.
THE CIGARETTE FOR ME
IS **CAMEL!**

*Mildred
O'Donnell*

DIVING CHAMPION

More people are smoking **CAMELS** today than ever before in history!

Yes, experience during the shortage taught millions
the differences in cigarette quality!

**YOUR 'T-ZONE'
WILL TELL YOU...**

T for Taste...
T for Throat...

That's your proving ground for any
cigarette. See if Camels don't
suit your 'T-Zone' to a 'T'!



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We don't tamper with Camel quality. Only choice tobaccos, properly aged, and blended in the time-honored Camel way, are used in Camels.



IT WAS NO FUN, the cigarette shortage; but it was a real experience. That's when millions of smokers learned the meaning of the phrase, "Camels suit my 'T-Zone' to a 'T'."

R. J. Reynolds Tobacco Co., Winston-Salem, N. C.

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than any other cigarette

Three nationally known independent research organizations asked 113,597 doctors—in every branch of medicine—to name the cigarette they smoked. *More doctors named Camel than any other brand.*